STIMULATING RURAL ECONOMIES FOR THE 2000'S:
THE CHALLENGE FOR RURAL MANUFACTURING AND TRADEABLE SERVICES

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THE CHALLENGE FOR RURAL MANUFACTURING AND
TRADEABLE SERVICES

Goderich, Ontario
21 - 23 October, 1992

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INTRODUCTION TO ARRG

In 1987 few Canadians were talking "rural." Globalization was rapidly becoming a buzzword to explain perplexing economic problems emerging for agriculture, forestry, mining and fishing. Problems continued to plague the efforts to diversify Canada's rural economy. The consolidation of rural trade centers in predominantly agricultural economies over many years had become a question of survival for many agro-rural communities. Benefits of technological change were being questioned.

A small meeting was held in Regina in October 1987 prompted by the concern that rural people, their businesses and communities required greater consideration in public policy, research and education. The topics were restructuring, globalization and technological change. Out of the papers and debates by the dozen or so people, a decision was taken to form the Agricultural and Rural Restructuring Group (ARRG). This network of academics, civil servants and rural practitioners dedicated themselves to building new knowledge and applying their diverse educations and experience to rural problem-solving.

The process adopted by the group centered around research, joint-venture education through conferences and workshops held in rural places, and improving policy awareness about rural issues. Since then, three sets of national workshops and conferences have been held. Liaison has been established with similar interests in Europe and the United States. It has become apparent that a global change in the rural and policy mind-set in many countries is beginning to come about on the search for solutions and initiatives.

The main efforts of ARRG have been in organizing annual rural policy conferences which have provided forums for rural policy-makers and practitioners to meet and to debate issues of mutual interest. Each national workshop has been preceded by a "think-tank" workshop where invited researchers have met to prepare the agenda and presentations for the conference. These conferences and workshops are reviewed in the Preface -- and the list of published ARRG papers and proceedings is found at the end of this proceedings.

In 1992, the Canadian Rural Restructuring Foundation (CRRF) was formed. Its mandate is to garner resources and to facilitate creative responses to the effects of structural shifts in rural Canada through the auspices of ARRG. The purpose of the foundation is to foster wide coalitions of interest among private enterprise, communities, governments and universities. For further information, please contact:

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ABOUT RDI

The Rural Development Institute of Brandon University commenced activities in 1989, with a mandate to coordinate and conduct research related to rural Canada. The Director was to work in a cooperative manner with all levels of government, rural groups and citizens, and the university community. RDI responds to information requests from five sectors of rural society: 1) an External Advisory Committee (EAC) comprised of representatives of rural organizations, 2) the Manitoba Department of Rural Development, 3) the University community, 4) other federal and provincial Departments dealing with rural issues, and 5) rural towns and villages. Once the research agenda is set, RDI develops proposals to address issues, recruits qualified researchers, acquires funding, assists the research process, and publishes and disseminates results. In 1991, RDI assumed the responsibility of evaluating, editing and publishing proceedings or individual papers for ARRG. A list of recent publications appears on the back cover of this paper.
This publication represents the proceedings of the 4th annual rural policy conference organized by ARRG. The conference was planned as the fourth component in a series of discussions on issues in rural Canada. The first national ARRG conference in Saskatoon in 1989 outlined the scope of development issues in rural Canada and planned the themes for four more conferences. The second conference in 1990 in Ottawa focused upon the data and evidence required for documenting the progress of rural development in Canada. Statistics Canada, which collected most of the evidence, played the major role in organizing the conference. It was concluded that data are plentiful but are largely not interpreted. Convergence of rural and urban Canada is taking place on material standards of living, social services and cultural expression. At the same time, the data confirm the relative decline of the natural-resource-based economy in rural Canada. Problems sustaining employment in rural-based manufacturing, increasing regional disparity and rural impoverishment persist despite large income-equalization payments (see Rural and Small Town Canada, edited by Ray Bollman, 1992).

The third conference, held at Camrose, Alberta in 1991, focused on the natural-resource economy. The main conclusion was that sectoral policies for agriculture, forestry and the other rural sectors no longer work to achieve rural economic and social objectives. Resource depletion, substitution of synthetics for natural commodities, substitution of capital for labour in production and low real prices on global markets are not mitigated by subsidies, trade protection and business incentives. These are long-term structural trends. They also threaten continued expansion of the service sector and constitute a major part of the financial difficulties of municipal governments.

This set of proceedings records the events, papers and discussion at Goderich, Ontario in October, 1992. The subject matter is Challenge for Rural Manufacturing and Tradeable Services. It is appropriate that this subject be debated in Ontario, as Central Canada is undergoing massive restructuring of its manufacturing sector. Just what this means for small rural communities, their businesses, and the institutions that support rural labour markets with education, training and adjustment services is not clear. It was intended at this conference to share positive aspects of the challenge to rural manufacturing and tradeable services, not just the problems. Consequently, there are six important case studies of positive adjustment experiences across Canada included in the proceedings. In addition, views on such matters as manufacturing and rural economic growth, support services for adjustment, and policy directions are provided from Europe and the U.S.A.

The 1992 conference achieved, through its sense of purpose, its international flavour, and the hospitality of its hosts, a positive learning environment which these proceedings are meant to capture and convey to readers who were not able to be there.

Tony Fuller and Paul Nichol
Co-organizers
Brussels, Ontario
May 1993
A WORD OF THANKS

The Agricultural and Rural Restructuring Group gratefully acknowledges the contributions of the many organizations and individuals that have made this event possible. Hats off to the following:

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Restructuring Industrial Production and Tradeable Services in the 1990s: The Impact on Rural and Small Town Canada

L.P. Apedaile, University of Alberta
R.D. Bollman, Statistics Canada
W. Reimer, Concordia University
J.C. Stabler, University of Saskatchewan

"What we have found is not quite what was expected. In spite of the general trends which threaten the quality of life in rural Canada, we find that there is evidence of considerable community and individual resilience in the face of economic restructuring. It is this resilience that provides a clue to resources for change which are often overlooked: the resources based on social networks."

Session chaired by Tony Fuller, University of Guelph
MANUFACTURING AND SERVICES: STIMULATING RURAL ECONOMIES

L.P. Apedaile, University of Alberta
R.D. Bollman, Statistics Canada
W. Reimer, Concordia University
J.C. Stabler, University of Saskatchewan

Organization of the paper

The paper is organized around three themes. The first part explores the major characteristics of manufacturing and services in rural Canada. Manufacturing and services do matter both in terms of growth potential and employment, but services matter most at this point in history. Growing rural communities all hold important positions in their regional commercial hierarchy before diversifying into manufacturing. These successful communities are also often endowed with natural attributes in land forms and a climate favouring diversified agriculture, a natural resource industry or attractive sites for recreation.

The second part addresses the question of how a focus on service industries can improve the economies of rural places. The potential for quality rural jobs depends on growth of tradeable relative to non-tradeable services. Which communities should and can respond to demands for services? Rural places face an uphill battle competing with urban places for the dynamic business services. Understanding the distinction between competition and predation leads to a base for strategic planning to counter the disadvantages.

The third part identifies major social resources and policies implicated in strengthening rural service and manufacturing industries. The question of persistence of rural communities goes well beyond improving productivity and competition. It depends on continual self-reorganization rooted in strong social networks and strategic predation.

The paper is written in the context of the North American Free Trade Association (NAFTA).

Manufacturing and services matter to rural economies

Services matter most

Manufacturing matters, but not for its employment impact. Resource sectors also matter, but not for their growth and stability (Apedaile, 1992). Rather, the service sector has been the largest and fastest growing source of rural jobs in rural and small town Canada since 1976 (Bollman, 1992). The fastest growing occupations are professional and management.
The largest single sector in terms of employment in rural Canada, by a margin of nearly two to one over the next largest sector, is the service sector. Employment in rural economies in Canada has been shifting for nearly 25 years to the point that services in 1992 account for 63.0 percent of all rural employment. The breakdown is 30.5 percent in economic services, 16.1 percent in trade, 5.6 in government, 3.8 in fire services and 7.0 percent in transport and communications services.

Rural manufacturing and services sectors are linked to services. Some services are non-tradeable in association generally with immobile people, their businesses and resources. Some services are directly tradeable to buyers outside the rural place or indirectly tradeable to other sectors which sell largely outside the rural place.

Trends in rural employment and industry shares by sector

The four largest sectors in rural and small town Canada, in order of importance in 1991, are services (900,000 jobs), trade (490,000 jobs), manufacturing (450,000 jobs) and agriculture (375,000 jobs) [Figure 1]. The five smallest sectors are transport and communications (210,000 jobs), construction (180,000 jobs), government (165,000 jobs), fishing, forestry, mining, and oil and gas combined (160,000 jobs) and finance/insurance (105,000 jobs) (Statistics Canada, 1991).

The key observations from an analysis of trends in rural employment by industrial sector are:

a. Agriculture and agriculturally related employment has a small share of rural employment. A boom in agricultural employment would have a small impact on rural employment;

b. The sector employing the most rural residents is the ‘service sector’ and employment in this sector has continued to grow;

c. Rural residents have kept their share of the growing employment in the service sector nationally;

d. Rural residents have increased their share of manufacturing employment over the past 15 years. However, this does not represent growth in manufacturing jobs. Rather, since the employment peak in 1988, ‘Rural and Small Town’ Canada has lost manufacturing jobs more slowly (-10 percent compared to the -13 percent loss of urban manufacturing jobs since 1989);

e. Fishing, forestry, mining, oil and gas, and construction employment is unstable relative to the other sectors. An increase in the activity of these sectors is likely followed by decline, requiring a need for flexible conditions of employment, labour mobility and community safety nets.

Trends in rural employment by occupation

The key observations from an analysis of trends in rural employment by occupation are:

a. Employment in some knowledge-intensive occupations (eg. ‘managerial and professional’) is growing for rural residents [Figure 2]. However, many of these jobs are in peri-urban rural places;

b. The rapidly-growing ‘producer service’ jobs are largely concentrated in urban centers (Coffey and Polese, 1987; Economic Council of Canada, 1990);

c. Male rural residents are maintaining their share of ‘managerial and professional’ occupations, while female rural residents have shown a slight decline in their share over the past 15 years;
Figure 1

Employment in Four Largest Sectors
Rural and Small Town Canada, 1976-1991

*part of the '84-'85 decline is due to reclassification of sample. Source: Statistics Canada, Labour Force Survey. Excluded are the Yukon and Northwest Territories and residents of Indian Reserves and institutions.

Figure 2

Five largest occupations
Rural and Small Town Canada, 1976-1991

d. Both male and female rural residents have increased their share of ‘processing and product fabricating’ jobs.

The ability of ‘Rural and Small Town’ Canada to maintain its share of ‘managerial and professional’ jobs appears to be a key issue for rural job prospects. As Schuh has noted, investments in human capital are becoming an increasingly important basis for comparative advantage as an ever-larger share of global increases in output come from that source (Schuh, 1991, p. 1322).

Although they are maintaining their share, male workers in ‘Rural and Small Town’ Canada are only 60 percent as likely to participate in ‘managerial and professional’ occupations. Rural Canadians have somewhat lower educational levels (Bollman and Biggs, 1992, Figures 24 and 25), somewhat lower literacy levels (Bollman and Biggs, 1992, Figures 26 and 27), somewhat lower intentions to enrol in training courses (Norris and Johal, 1992, Table 4) and somewhat less knowledge of computer technology (Norris and Johal, 1992, Table 4). These rural/urban gaps are undesirable but should not be considered catastrophic. There remains a strong contingent of rural individuals with good educational qualifications, others who intend to pursue further education and a corps of rural individuals already with substantial computer skills.

**Services, trade and regional structural change**

The growth of the service sector during the past decade is the more remarkable considering that employment in goods-producing industries has actually declined in both Canada and the United States

1. At early stages in this process, fears were expressed regarding the future viability of regional economies that had traditionally made their way by exporting products. To a degree, however, changes in the structure of production and changes in patterns of trade have not left traditionally goods-exporting economies stranded.

Analysis of patterns of demand for provincially produced products between the mid-1970s and mid-1980s provides several interesting observations:

a. Real output of services grew almost twice as fast as goods;

b. Export demand (defined as sales beyond the province of production) was the fastest growing demand category for both goods and services;

c. Exports beyond Canadian borders to the ‘rest of world’ was the fastest growing demand category followed by exports to other provinces. In both cases the growth in direct export demand for services was at least twice that for goods;

d. While all demand categories grew, intermediate and final demand for locally produced goods and services both experienced relative declines;

e. The development of a technique that permits the calculation of value-added in services embodied in goods exports reveals that this was the fastest growing source of value-added in most provincial economies. For all provinces combined, value-added in the direct-plus-embodied export of services rose from 41 to 46 percent of value-added in all exports while, for goods, the figure fell from 59 to 54 percent;

---

1. Employment and output do not necessarily move together, of course. From the mid-1970s to the mid-1980s, value of output in Canada’s manufacturing sector increased by over 40 percent. For many purposes, however, employment is a more important consideration than value of production.
f. The growth of service exports was common to all provinces. Subsequent, more detailed analysis reveals that cities as small as Saskatoon and Regina shared fully in this process. Isolated examples of much smaller cities sharing in this process also have been observed.

Rural economies in the Prairie region have not benefitted much from the growth of high tech services and service exports. This is more of an urban-based phenomenon. Rural service sector employment has increased but is concentrated in low-tech, low-pay jobs.

Rural manufacturing, on the other hand, has expanded in Saskatchewan during the past decade and has contributed to the stability or growth of several rural communities. Employment in rural manufacturing plants has also provided jobs which have helped to partially offset job (or income) loss in agriculture and other primary industries.

Growth of manufacturing employment in Saskatchewan, at a time when manufacturing employment is shrinking nationally, suggests that perhaps some types of manufacturing operations are more subject to change during the restructuring process than others. Saskatchewan has never had any manufacturing plants that produced components for automobiles or durable consumer goods, for example. All Saskatchewan’s plants produce idiosyncratic, niche market oriented, custom or semi-custom products.

As workers in component manufacturing plants are replaced by robots or as the operations are moved off-shore, those economies which were built around these plants are going through hard times. But Saskatchewan’s experience in this regard suggests that not all manufacturing is contracting. Perhaps manufacturing based on high-tech, high-skill, unique products will continue to play a role in North America, -- some of it in rural areas. In fact, several rural communities in Alberta and Manitoba have had an experience similar to that of Saskatchewan’s rural manufacturing communities. At least three dozen places in the Prairie provinces can be identified which have approximately doubled in size over the past 25 years, at least in part through the acquisition of several small manufacturing firms.

These growing rural communities have several characteristics in common. They all occupied locally important positions in the trade centre hierarchy before their expansion into manufacturing. They are typically located in areas where the agricultural economy is somewhat diversified. The presence of other economic activity with a natural-resource base, or attractive recreational amenities, is also common.

Local, community based, dynamic leadership is also common although not universal. This leadership usually involves a combination of local business and local community leaders with some one or two people from one group or the other playing a distinctively dominant role. In our analysis of Prairie communities we seem to be coming to the conclusion that the presence of dynamic local leadership will not ensure success -- nor will its absence ensure failure. But organized, dynamic, community based leadership is a common factor in a majority of the rural manufacturing communities we have investigated.

Can a focus on service industries improve rural economies?

The short answer

The short answer is that there are major limitations to the possibility of service expansion. Rural service industries have their strongest links to natural resource industries, but these are in decline across rural Canada. Tradeable services are fastest growing, but the rural service sector is usually developed around non-tradeables. Tradeables require mobility, but rural labour and productive assets are relatively immobile. Transforming non-tradeables into tradeables often creates problems. Dynamic growth services are an urban phenomenon, not rural. In competition, rural enterprises, including tradeable services, are at a disadvantage.
Paradoxically, hope for overcoming these limitations may lie in the predatory nature of services. The predation potential in services, especially tradeables, can help to offset the prey position of natural resource industries, especially small businesses and household firms reliant upon artisan technology. This part of the paper explores the question and the arguments leading to these answers.

**Goods-services linkages of rural-intensive industries: is there potential for rural jobs?**

Siedule examined the interdependency of each goods-producing industry with each service industry. His results show that the resource industries and the near-resource industries such as petroleum refining have the strongest linkages to the service sectors. The goods-producing manufacturing industries have significant, although smaller, interdependencies with the service sectors. Nevertheless the decline in rural manufacturing employment has been more than offset by growth in service jobs as businesses restructure and technology changes. The fast growth of production services such as product design, market research, plant maintenance and accounting appears to be a peri-urban or urban event (Siedule, 1991).

Postner argues that the formerly distinguishing features of goods versus services are disappearing. What is officially classified as a ‘good’ and what is classified as a ‘service’ is merely a reflection of the particular final form in which an economic transaction occurs. But it is at least equally meaningful to observe the nature of the whole value added underlying the relevant transaction between a producer and a consumer. It is now increasingly recognized that a great deal of services-type activity is embodied in the value added of goods production. Similarly, a considerable amount of activity characterized by goods-like qualities is typically inherent in the value added of services production (Postner, 1991, p. 6).

The relatively strong linkages of the rural-intensive resource industries and, to a lesser extent, rural manufacturing to services suggest maintaining the conventional sector-based direction for rural-focused policy. However, if consequent stimulation of the service sector employment occurs in the urban head-office locations of the resource companies, rural areas will gain little, if any, employment.

**Tradeable and nontradeable services**

The rural service sector is a growth target for rural communities. Yet not all services offer improvements to economic stability. The usual classification of services as producer or consumer, business or non-business, is less useful for the purposes of this paper than the separation into tradeable and non-tradeable services.

Tradeable services are those that may be sold to non-resident individuals and institutions. These services could be called exportable beyond the region, district or community boundaries. Common tradeable services involved in trade centre consolidation include hair cuts, machinery repair, high school education, hospitalization and hardware retailing. Tradeability does not require dollars to change hands (education services, for example).

Non-tradeable services are those which are primarily for the consumption of local residents and businesses. Expansion and the array of non-tradeable services are sensitive to the limits of local demand. They include much of mainstreet commerce, elementary schools, repair and other services requiring convenient and low-cost access. Nontradeable services may be termed indirectly tradeable when used as inputs by a firm producing tradeable services.

Most rural services are potentially tradeable. The consolidation of rural trade centers in Saskatchewan documented by Stabler (1987) in recent years reflects the tradeability of services across community
boundaries. The larger rural interest in tradeable services is to bring in non-rural dollars which can employ local resources, such as labour.

Non-tradeables may be transformed into tradeables by better transport and communications, making access to service easier, faster and cheaper. Non-tradeable services are usually rather immobile so that tradeability requires expanding market areas, displacing other providers in other places, attracting buyers. For example, tourism is a popular way to add an element of tradeability to otherwise non-tradeable services.

A successful surge of tradeable service activity such as tourism in a largely non-tradeable service economy tends to push up wage rates and property values, increasing the cost of doing business. This situation is known in the literature as the 'Dutch Disease' from the economic squeeze from tradeable services to support North Sea oil exploration on many small businesses in Holland. This problem could be mitigated by affirmative action in local procurement by tradeable service firms.

Businesses selling tradeable services can expand output beyond the constraints of local demand, often gaining access to economies of size in the process. The providers of non-tradeable commercial services can capture some of the new dollars, especially if these providers can accommodate the diversity in the change of tastes which accompanies the higher incomes associated with many tradeables. Dollars generated by completely new value-added to so-called tradeable 'countryside' amenities such as recreation space, natural beauty, peacefulness and rural heritage are retained by businesses such as farm vacations, provided they manage to control access to these amenities.

Copeland discusses the results of a theoretical model wherein tourism increases in a small open economy. He notes that in the absence of taxes, foreign ownership, and distortions, an increase in visitors will increase local welfare only if the price of non-tradeables increases (p. 2). Hence, for tourist promotion to yield significant benefits, local residents must either reap gains from an improvement in the terms of trade relevant to tourism (the real exchange rate), or else must extract some additional value from otherwise unpriced natural amenities enjoyed by tourists (p. 11).

The appreciation of rural amenities is sensitive to their overuse. Their value to visitors declines rapidly with site degradation and depletion of attributes such as space, fresh air, wildlife and clean water. This tourism example illustrates the limits to growth for rural places seeking to expand the demand for local amenities as a means to add value to immobile resources or improve incomes of people unwilling to move to other economic opportunities.

The distribution of gains from strong performance of tradeable services is determined by more than whether service businesses participate or not. It is common to observe a polarization in the service economy as price inflation reduces the real incomes and values of the relatively immobile assets committed to non-tradeable services, because prices of these services tend not to increase, in violation of Copeland's condition for improved local welfare.

These effects just outlined work in reverse when there is a downturn in demand for tradeable services or other reasons for losing market share in what has become a very open economy. One important change is a decline in property values, a problem for owners of non-tradeable service businesses as their main asset loses value, and aggrandized for older proprietors near retirement. Commitments to upgraded public services by local governments to meet 'tourist standards' become unaffordable as the tax base is eroded.
Can rural places out-compete urban places for services?

The Economic Council acknowledges that some of the growth of the services sector is due to goods-producing firms that have "contracted-out" some of their services functions. However, they argue that the driving force for expansion has been an increase in the demand for services as inputs to production (Economic Council of Canada, 1990, p. 5).

The geographic opportunities of the expanding services sector are considered by the Council. Dynamic services, in particular, have attracted attention as a potential tool for stimulating the economics of regions suffering from slow development, for three reasons: they are growing rapidly; many of the jobs they generate are ‘good’ jobs in terms of skill levels and incomes; and these services play a strategic role in investment, innovation and technological change. By being a locus of competitive advantage, dynamic services can significantly influence the location of economic activity.

The problem facing rural places is that dynamic business services tend to be found in cities. The degree of concentration is typically highest in the largest metropolitan areas. Dynamic services have very particular locational requirements: access to highly skilled labour, to complementary activities and to markets (Economic Council of Canada, 1990, pp. 10-11).

The development of dynamic services in less developed rural regions is constrained by the frequent lack of integration of branch plants with local service producers and by the fact that the head offices of multi-branch firms tend to be located in the urbanized metropolitan regions. The possibilities for a decentralized development of dynamic services therefore appear to be limited to services that respond to the needs of locally controlled businesses, to services that have been decentralized to less costly locations by multi-branch firms, to tradeable specialized services that have developed on the basis of expertise related to the local industrial base, and to services that respond to public-sector demand through procurement.

Regional development efforts should build upon the complementarities that exist between services and the regional industrial base. In the rural parts of this country, that base is often resource-oriented. This traditional strength of the Canadian rural economy may be well-suited to generating growth in dynamic business services. It is conceivable that new technologies will lead to more dispersed patterns of economic activity. For now, however, dynamic services remain an overwhelmingly urban phenomenon. Planners must pay attention to the health of their largest urban areas as the main means of ensuring that disparities across regions do not widen (Economic Council of Canada, 1990).

The predator prey model

A stronger rural share in the performance of the larger national and global economy is challenged by the urban focus of dynamic growth services and the urban preoccupation of national planners outlined in the report of the Economic Council of Canada. In the larger context, the rural share of global wealth is determined by the process of globalization. The increased global fluidity or mobility of regional, ethnic, sectoral and generational groupings of global wealth, resources, information and population offers both opportunity and danger to rural places.

Predator prey models provide interesting insights into how rural economies obtain their share of the national wealth. The natural resource extraction base of the rural economic system has traditionally placed it in a prey position relative to the industrial systems, largely urban based. However, humans in rural systems are also predatory in their relationships with the other living things in these rural systems (the biosphere). Genetic diversity, forests, soils, water and fish stocks are all under pressure by the rural economy. Rural systems are also predatory in terms of amorphous and weaker groups of invisible humans such as future generations and consumers.
Rural systems play out their simultaneous roles as predator and prey within the larger national and global economy. This role is also determined by their status peripheral to the spatial, social, political and financial centers of the larger economy.

In relations among biological systems, the prey and predators are engaged in a dance of time in which the condition of the prey is kept close to the minimum necessary to serve the needs of the predator. When weather or an epidemic event catches the prey in a vulnerable condition, the predators are also placed in jeopardy. And so the populations of wolves, deer, rabbits and the coyotes are maintained in the often referred to natural balance. In human systems, social definitions of minimum human rights and material standards set the upper limit on predation and are usually protected by law, progressive taxation, income transfers and culture.

Predation can be contrasted to competition, a concept with more Darwinian implications. In the extreme case, there is only one survivor, the monopoly or one remaining rural town. The others disengage or are ruined. In choosing to play the role of competitors, rural businesses also choose to "do or die".

Predation on the other hand is "live and let live" behaviour driven by the extent and reciprocity of common interest. There are still winners and losers, but not in the sense of destroyer and destroyed. Mutual reciprocal needs prevent the extreme outcomes of competition. For example, the management challenge for family businesses facing predation eventually comes round to responding to the uncertainty of being reduced to the position of survivor operating in an economic niche at a low to no-growth level, so long as basic family needs are fulfilled.

The important characteristic of a predator prey situation is that it is relational. One cannot reduce the performance of the other, or in the extreme destroy the other, and still maintain its own performance and survive. For example rural bankers cannot foreclose on too many of their clients without threatening the viability of the bank. It is much better to determine and nurture the mutualism in the banker/borrower/community network relationship from the beginning. A second example is the relationship of farmers and the local grain elevator. Neither the elevator nor the farmers can extract too much value in their transactions without losing business volume and marketing opportunities respectively.

The distinction between predator and prey is complicated by the problem of units of analysis. An individual prey or predator may be destroyed when the mutualism in individual relationships is relatively insignificant to that of the two populations. The demise of individuals is a signal that the mutualism in the relationship between the two populations is breaking down or being lost sight of. For rural populations, business foreclosures, poverty, soil degradation and water pollution are signals that, beyond efficiency considerations, the mutualism in predatory relationships is not understood or is being disrespected.

**A charitable gap protects prey economies**

A charitable gap defines the difference between the life-preserving basic needs of food, clothing and shelter for a human prey system, and the minimum income standard, such as provincial welfare levels, set by a society. This gap may roughly equal or exceed the predatory transfer of income and wealth from a prey system through markets or taxes, beyond that considered acceptable by society. Only the willingness and ability of the predator population to redistribute earnings through government to the prey population keeps the latter above fundamental poverty. A slow-down in the larger economy or a change in the mutualism between predator and prey systems may reduce that willingness to pay. Over time the charitable gap itself may be reduced.

A rural example is Canadian agriculture. It appears to be facing reductions to its charitable gap at this point in history. Even though agriculture is not in a pure prey situation, it enjoys a charitable gap in the form of redistributed revenue from the larger economy. This economy also pays much of the cost of rural public
services and amenities, provides inputs subsidies and tax allowances and forgives costs of environmental degradation. No accounting is available to determine whether these concessions paid for by taxpayers match the transfer by markets and taxes of value added from rural enterprises.

The main issue is that the well-being of the rural economy is dependent upon a charitable gap at all. These charitable transfers may be reduced arbitrarily at any time for any given level of economic predation. Furthermore, the greater the economic pressure upon the rural economy, the greater its predatory behaviour relative to the ecosphere and among groups of rural people, leading to polarization of wealth within rural places and in the hands of the current generation of people relative to future generations.

**Unravelling complexity in the rural economy**

There is widening agreement that the rural economy is a complex composition of natural resource extraction, services and small-scale manufacturing. Not so apparent is that, with some exceptions, these activities are often artisan in nature.

Artisan activities require skilled craftsmanship and detailed local knowledge of resources, the labour force, weather and the biosphere. Expanding the capacity for production is more difficult the more artisan the technology and production process. Thus artisans such as potters, grain farmers, loggers, inshore fishers, professors, writers, composers and mechanical manufacturing/repair technicians all experience, in common, steeply rising unit costs at a point early on in the expansion of output. Their prospects for growth are limited: a poor base for sustainable development, a good base for economic predation.

Community based rural manufacturing and service enterprises need to avoid remaining strongly artisan if they are to serve as growth points in rural development. Predation is stronger the more industrial the technology and production processes.

The principal characteristic of effective predators is that they can expand their capacity to produce without incurring, or being required to internalize, higher per unit output costs. This is the case where there are constant or increasing returns to size originating in technology, often made possible by the inability of markets or governments to attribute many social and environmental costs to the private enterprise.

Predation enabled by externalizing social and environmental costs constitutes neither an ethical nor a sound base for sustainable rural development. Part of the difficulties facing agriculture and its supporting rural services is the predation enabled by service industries. Agricultural chemicals, larger tractors and heavier implements are economic in the context of competition when mutualism is denied by not having to account for the cost of damaged soil structure, degraded aquifers and reduced biological diversity. A second example is the way the successful industrialization of the deep-sea fishing fleets has placed in jeopardy the rural coastal service sector by the destruction of the cod stock off the east coast. Expansion in the capability to prey on the biosphere in both examples has occurred faster than the learning about the mutualism inherent in the relations between predator (industrializing systems) and prey (the ecosphere and communities).

The predator prey relationships of rural systems with the larger economy and the ecosphere determine the long run economic condition of rural businesses, households and communities. Artisan service and manufacturing firms are faced with a problem of persistence (non-extinction) in the sense that they are often at minimum levels of material and spiritual survival, are outside the safety nets and are not engaged enough in economic life to be resilient in the face of global forces.

This artisan group with persistence problems may be larger in the United States, and even larger in Mexico, than in rural Canada. Whatever the case, the rural vulnerability is an outcome of a gradual loss of reciprocal need or mutualism among these places, people and the larger economy. In the absence of a charitable norm for society and an ability to pay charity, this group could be considered to be expendable. If their mutualism with the larger economy, based originally perhaps upon productivity, is not replaced by some other reciprocal
need through a process of social self-organization, their competition for scarce resources would seem to lead eventually to their forced relocation. When relocation is impossible, this process may gain such strength as to threaten stability, such as was the case in the Los Angeles riots.

**Lessons in predation for rural manufacturing and services**

Success for rural manufacturing and services may be defined in two ways. The first is that the firm should contribute to long-term development and improvement in standards of living of the people and place of its rural location. Second, an accumulation of wealth should take place in a persistent way. These two attributes of success are realizable through competitive, cooperative and predatory behaviour, both by a particular rural firm and by the behaviour of other firms and public institutions.

Those in rural manufacturing and services can learn from these predator prey models. The first lesson is that being successful in a North American and global economy still depends on productivity stemming directly from efficiency, fast learning on technique and technology and control over unit costs. Being competitive means displacing others from market share in a do or die situation. Success means timely flexibility in business structure and capacity to produce, including changes in product lines. Flexibility and responsiveness to changing consumer tastes or technical specifications of client firms go together.

There is a second lesson. Attaining wage rates and other earnings on rural assets commensurate with their value productivity depends on the rules of interprovincial and international trade. Especially important are the rules defining that part of the charitable gap concerned with internalizing costs, like pollution. These rules determine the scope for predatory behaviour among owners and jurisdictions. Freeing up the rules offers greater scope for strategic predatory alliances and stimulates a need for productivity networking to ward off hostile competition. Freeing up the rules also reduces mutualism, lowering the thresholds of acceptability by prey systems of their economic and social condition. Thus rural manufacturing and service systems need to become more predatory, expanding their markets regionally and internationally.

In the past, a traditional sense of rural (frontier) ‘community’ values defined the scope and limits for predation within rural places. As rural economies and societies mature, however, the usual specialization of function within firms needs to recognize a need for specialization in predation. Rural manufacturing and particularly services in a global market require specialized predatory services to complement the more usual specialized artisan and productive functions of rural firms.

The third lesson is that rural manufacturing is conceptually a part of a larger process of combining information to manage the uncertainty of outcomes. This process appears to be largely a service function. Recall that globalization may be viewed as increasing the fluidity of information flows, wealth and the shifts of uncertainty. Rural firms can no longer view themselves as producing a product for final demand somewhere. Increasingly the nature of the demand for the outputs of any firm is changing to include more and varied intermediate demands for services. The components of the satisfaction of demand are more multiple and service-based than ever.

Rural firms are at both the prey end and the predator end of business relationships. Both vulnerability and opportunity increase in proportion to the number of economic and social transactions needed to do business. Globalization increases the number of transactions and hence the scope for predation. Predation strategies and counter strategies may be becoming more important than productivity in achieving long-run economic success for community and investor well-being.
A clue to future policy

Consider the social implications of the economic restructuring of rural Canada. Expectations for favourable social outcomes from restructuring are generally not very hopeful. The rural population has declined. Many rural household activities are artisan by nature. Efforts to develop a stronger rural manufacturing and services sector face considerable odds. Social services have become more sparse, and community optimism seems hard to find. Research on poverty and deprivation in rural areas always promises to be timely and discouraging.

What we have found is not quite what was expected. In spite of the general trends which threaten the quality of life in rural Canada, we find that there is evidence of considerable community and individual resilience in the face of economic restructuring. It is this resilience that provides a clue to resources for change which are often overlooked: the resources based on social networks. These networks embody the codes of behaviour which valorize small isolated groups of people which are characteristic of rural and small town Canada. Social networks provide a means for people to cope with economic restructuring. However, more significantly, networks should not be overlooked as a means to enhance the economic development of rural communities and the quality of life in them.

Social networks and policy directions

Pressures on social networks

Current economic and social policies place pressure on social networks just when they are needed the most. Let us highlight two of the ways in which this occurs.

The first is in the economic sphere. Current economic trends encourage resources to abandon rural areas, leaving communities without the means to retain their population. With weakening tax bases, it becomes more difficult to maintain the infrastructure which supports local networks.

People need a place to meet, a reason to meet, and the means to get there. The places and the reasons are provided by such services as churches, community halls, arenas, pool halls, taverns, schools, parks and grocery stores. If they are not maintained, the networks are unlikely to persist. Even where distance is reduced by technology such as telephones and telecommunications, the requirement for face to face encounters remains.

Another area where social networks have faced considerable pressure is in the policy on provision of social services. During the post-war period, the Canadian State was rapidly taking over health, education and social services from religious and voluntary organizations. This takeover has put rural areas in double jeopardy. Government services were centralized as part of the rationalization process. This meant that both public and private services were consolidated in regional centers, and the control over those services was lost to the smaller communities. People modified their way of life and their expectations in response to these more centralized services. They moved closer to the regional centers, they had fewer children and they encouraged their children to become more mobile.

Now rural places are threatened with a significant decline in public services as a result of growing deficits and pressure on governments to spend less on social programs. Rural people are especially vulnerable to such cutbacks since the high cost of providing services over large distances to dispersed populations is so high. Under conditions where the formal services are scarce or being downgraded, informal networks are even more important, not only to provide the services directly, but to make it possible for those in need to get access to the formal ones which exist.
These examples are not meant to paint a discouraging view of the future for rural Canada. On the contrary, we would like to emphasize how, even in the midst of these pressures, social networks are a valuable resource for the improvement of rural life. This point is supported by a number of research traditions in the social sciences.

Research on social networks

Leadership and innovation

Some of the earliest research on social networks occurred when researchers examined the role of leadership in innovation and agricultural development (Katz, 1964). They focused on the problem of how to get people to accept technological innovations as part of the Green Revolution.

When investigating why general information campaigns did not seem to work, they found that innovations did not spread evenly throughout the population, but followed a path involving specific individuals and the networks in which they were involved. For example, community members would wait until these people adopted a new farming technique before doing so themselves. In the language of the researchers, these people became identified as ‘opinion leaders’. These opinion leaders participated in local groups such as the churches or the farmers’ associations, but they were not necessarily the ones who held office in those groups.

Community vitality

Later, researchers investigating the vitality of communities reinforced this finding as they examined the differences between those communities which showed local initiative and those which did not (Flora and Flora, 1988). One of the consistent attributes of the vital communities was the existence of relatively long-term and recognized social networks.

Researchers investigating these networks went on to specify their important characteristics. Those in the networks meet regularly on a variety of projects and associations. These include such things as school boards, business clubs, church groups, and political organizations. They also have links outside the community. For example, they are members of regional, provincial, or national organizations and they often hold political or business positions in these outside organizations.

Social support

A third area of support comes from researchers investigating the extent to which informal networks provide social support. The empirical part of this research has focused largely on the provision of health care, housework, child care and transportation (Statistics Canada, 1991). A significant proportion of this care is provided by informal contacts: kin, friends and neighbours.

Not only are these networks sources of direct support, but also they indirectly help by providing access to more formal organizations. Kin and friends are often the route by which people come to learn about formal support services, and their encouragement is an important inducement to use these services. This is the way that people often find out about government programs, credit availability or business opportunities.
Economic behaviour

Further evidence comes from those who point to the importance of social relations for understanding economic behaviour. For example, finding a job and finding employees have long been recognized as dependent on whom you know, whom you are related to, and the social network to which you belong (Granovetter, 1990, p. 104). Worker productivity and organizational conflicts have also been shown to depend as much or more on group loyalties and interdepartment social interactions as they do on economic incentives (Granovetter, 1992, p. 246).

Collective Behaviour

Finally, we find that long term relationships and shared experiences are important conditions for collective action. Social action depends on organization, communication, and access to resources (Almond and Verba, 1965; Erickson and Nosanchuk, 1990). These are learned skills. In order to mobilize people, one must know how to organize a meeting, how to get "consensus" and how to translate agreement into action.

Most of these skills are learned in voluntary associations which are oriented to a wide variety of interests. This can include groups that are organized for the purpose of learning handicrafts, playing or listening to music, enjoying nature, celebrating a religion or organizing sports. As people serve the objectives of the group, they also learn how to organize themselves, they build obligations which are essential to social cohesion, and they establish contacts which can be useful for other purposes.

In addition, these associations often provide links to networks outside the local area. Organizations such as the Union des Producteurs Agricoles, the Canadian Farm Women’s Network, Chambers of Commerce, the Alberta Association of Municipal Districts and Counties, Kiwanis, Scouts, and most of the rural churches are all part of provincial and national networks. By participating in the local groups people learn about the activities of groups and people outside their area, and they often establish personal contacts with them. The networks can then serve as important resources for the mobilization of many people around a wide variety of issues.

Predation and the consolidation of rural services

Social networks play an essential role in enhancing both productivity and predation. Such networks backstop the uncertainties associated with economic enterprise. Before government widened the charitable gap by taking over many social services, local community networks were experiencing difficulties coping simultaneously with families’ needs to participate actively in the rural economy and at the same time maintenance of social support systems. These difficulties were a sign of excessive predatory activity directed toward the rural economy in its relationship with the larger economy.

Social support systems appear to be typically associated with prey circumstances. Centralization of social services and loss of control by a rural population remove a set of checks and balances on predation within a community. This kind of change favours economic polarization and entrenchment of hard-core poverty. Rural dependency is increased as the scope for predation increases and responsibility for social support is shifted to metropolitan taxpayers from rural people.

It would seem that the association of dynamic community leadership with successful rural business starts and growth, observed earlier in the paper, forms part of a cooperative behaviour for competitive purposes. The focus for such initiatives is increased employment through the production of tradeable services and goods. However, since part of the tradeability is at the expense of neighbouring places, there must be less economic
mutualism in relationships among rural communities than is commonly thought to exist. To a large extent cooperative community initiatives are part of a 'survival of the fittest' behaviour.

The policy conundrum for rural economies

The conundrum is: "Which community should take up manufacturing and services as a development strategy?" Who are "they"? -- in the sense that "they" as second and third parties should initiate local economic development to solve rural problems. Who are the "we"? -- in the sense that "we" actually face favourable odds to solve our own rural economic development problems.

Schuh (1991) has noted:

As economies become more open ... some part of economic policy making and implementation shift upward to the international level ... another part of policy making and implementation shifts downward to the state and local levels. ... the shift downward in policy making and implementation can lead to serious equity problems as more well-endowed regions can do more for their citizens than the less well-endowed. ... a great deal of design work is needed on state and local institutions ... to design a fiscal system that captures resources nationally and transfers an important share of the revenue to the state and local level ... is not as easy as it might seem, for when spending is disconnected from taxing, the tendency is to convert the system into a spending machine. ... public goods in the form of roads, communication systems, education, hospitals, environmental "purity" and so on appear to be increasingly important as the means of attracting economic activity. Equality of opportunity for the sexes means that labour markets are more important in determining where households locate than they have been in the past. Hence, instruments of public policy that address these types of goods are becoming increasingly important (Schuh, 1991, pp. 1324-1326).

Falk and Lyson (1991) offer a more ideological interpretation of the conundrum:

Human capital is dear to the hearts of policy makers and politicians who put the burden for economic success squarely on the back of the workers. For sociologists, such an attitude is akin to "blaming the victim," which emphasizes the individual over structural factors, a perspective especially popular among political conservatives (Falk and Lyson, 1991, p. 15).

The policy challenge for rural places attracted to manufacturing and services is to retain and distribute the benefits of their more diversified open economy. This tendency and desire for more tradeable services in the enterprise mix in Canada's rural places makes them more and more susceptible to the predatory processes mentioned by Schuh that transfer revenues up the hierarchy of places from local to regional and international, and transfer responsibility down the hierarchy.

Directions for rural social policy

To make effective use of the social resources in rural Canada we must first recognize their value, and then develop the policies which support their expansion. We have not been sensitive to the importance of social networks for the economic development of rural Canada.

Economic entrepreneurship requires networks for training, the transfer of information, access to capital and encouragement. These are not only provided by business clubs, but also through kin networks, church groups, team sports and quilting bees. By recognizing this, we should see that the construction of a park or
organization of transportation for a guest speaker may be as important for economic development as the provision of directly productive capital. In fact, this kind of support is likely to have much longer-term effects than support for specific business projects.

At another level, our fixation on the creation of a free market at a macro level may lead us to overlook the value of those things which create obstacles to a free market at the micro level. Many of these obstacles are rooted in social networks. Commitments to kinship, ethnic or community groups usually challenge the principle of free exchange. However, they also serve as a formative ingredient in moral behavior and social responsibility by mitigating human predation on the rural environment.

Social and political networking is a way to create conditions in the present which enable anticipation of long-term consequences. This requires a population which is not operating only on the basis of individual, short-term gain, but one where people have a strong interest in the long-term consequences of their actions. Such concerns are strongest among those who are members of long-term social networks: those who see a future not only for themselves, but for the next generation as well. In this way, the encouragement of networks and moral communities may be of greater benefit than a search for a more open market, even though the social networking may place obstacles in the way of the market responsiveness.

Once we recognize the long-term and hidden value of social networks, there are important policy implications which follow. The most obvious are those which provide the means for people to get together and to help one another at a wide range of levels. In the rural context, this requires support for transportation and communication at both a formal and informal level. Communication support should not be limited to commerce and industry, but expanded to include educational, social, religious, political and recreational groups. This means maintaining facilities where people get together, including municipal halls, churches, arenas and ball parks.

**The global long run**

Three ideas have been put forward in this paper to help understand the trend to service dominance in rural economies. The first idea is that the rural system, be it economy, society, a household business, a community or a way of life, may be viewed as linked in a predator prey relationship with the industrial economy, urban society and the environment (ecosphere). The second idea is that the material standard of living and accumulation of wealth for rural people is determined by more than productivity. Social networks, predation and charitable income transfers are not only involved but inseparable in the development process.

The third idea is that the persistence or sustainability of the well-being of a rural system depends on constant internal self-reorganization of rules and institutions, such as gender and age relationships in the family. This process of reorganization and restructuring is also called coevolution with forces from the political, social, economic and ecospheric parts of the global environment.

The long-run future for economic and social life tied to specified rural places will be an outcome of the relationship held by that life with the global economy. Development and persistence of viable communities in the long run are unlikely to occur in the absence of a dynamic relationship which transfers wealth to rural places from other places.

**Conclusions**

Services are a rapidly growing feature of employment restructuring in rural places. Communities dependent on some special attribute of their natural resource base or on manufacturing alone may expect to continue to experience employment decline even if productivity and value of output grows. Services, however, appear to offer possibilities to enrich rural communities not available from artisan manufacturing
and natural resource activities. These possibilities are better the closer the community is to a metropolitan place.

Tradeable services appear to offer some of the most promising opportunities for rural development at this time in the history of rural Canada. This means developing more of these firms and converting non-tradeable services to dynamic growth tradeables.

Social networks are as important to addressing the uncertainty inherent in business starts and expansion as they are in the resilience of people and communities experiencing predation and competition. Rural enterprises face disadvantages in competition and often find themselves in a prey position relative to the larger economy. Rural networks are vulnerable, however, when governments replace them as guardians of households which disengage from the commercial economy.

The policy of subsidizing rural manufacturing and services can contribute to long-run viability of rural places when the income transfers are related to losses attributable to predation through market distortions. However, viability based on exemption from long-run social and environmental costs can at best be transitory. In neither case does competition behaviour address the problem of viability. Rather, it may be expected to add to government expenditures to repair the social and environmental damage of excessive economic predation and of competition.

Predation behaviour offers a way for tradeable services to solve the problem of viability. Predation is a complex feature of the internal organization of many firms. It is also a feature of strategic alliances for winning in do-or-die competition. However, understanding of the mutualism in rural predator prey relationships has not kept up with technological change and the process of globalization. This lag in learning about mutualism puts rural firms in jeopardy by transforming opportunities for predation into competition, a potentially dangerous behaviour. Competition understimates the common interest in what is more and more a mutualistic world situation.

As the economy opens within the NAFTA, predation appears to become increasingly profitable for individual rural service firms relative to the pursuit of productivity. Performance of manufacturing and service enterprises under liberalizing trade is attainable through strategic blends of productivity improvements and earnings distributions. Because rural firms are usually at a disadvantage in competitive relations, the blend should include alternative relationships with the rest of the economy. Both service and manufacturing firms moving beyond the start-up stage need to specialize in predatory skills to reinforce gains in productivity.

Finally, earnings distributions for rural enterprises are closely related to timely product differentiation and to equity structures. Reorganization and technological change within the global economy generates continual uncertainty for individual firms. This uncertainty prompts a need for greater attention to social networks, research and development, and to debt/equity structuring as the rural economy opens with freer trade.

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Additional relevant literature


BIO-SKETCHES

Leonard (Peter) Apedaile is a professor in the Department of Rural Economy at the University of Alberta and a grain farmer at Willingdon in east central Alberta. He obtained a B.Sc. in agriculture at McGill University in 1960 and a Ph.D. in economics at Iowa State University in 1968. His principal professional interest is agricultural and rural development from a public policy perspective based on systems analysis. Dr. Apedaile has practised in this field for extended periods in Canada, Zambia and Nepal, and has carried out research on various agricultural development topics in Europe, Africa, Asia and South America. He directed work in China on institution building for higher education in agriculture during the period of family farm reforms. In 1990 he completed sabbatical studies at the Montpellier research station of the Institut National de Recherche Agronomique in France, on the topic of systems theory. He is currently working on complex dynamic systems and the modelling of structure, technology and subsidy issues for rural economies. He is president of the Agricultural and Rural Restructuring Foundation.

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Rural Manufacturing and Services:
Canadian Perspectives

Gary Davidson, Huron County
Jack Stabler, University of Saskatchewan*

"Education, training and adjustment become critical components, far more important than they ever were. We have to learn how to incorporate our female labour force more fully into the market. This group is both the engine for new firms and the source of labour force change. Also, we need to develop recognition of the importance of part-time, networked and linked jobs to the performance of the economy. The idea of having one job that you go to all the time, especially in rural communities, is waning."

Session chaired by Tony Fuller, University of Guelph

* Jack Stabler presented material on "Services, Trade and Prairie Regional Structural Change" which elaborated upon his presentation in Session 1. This material appears in the major paper of Session 1.
NEW ECONOMIES: THE TRANSITION TO LOCAL ACTION

Gary Davidson, Huron County

The purpose of this paper is to translate the larger contexts of the "new economy" into local action. How do residents, politicians and practitioners use the quantities of information being generated to improve their community? There are important changes in scale that are required from the concept to the action. The ability to make these changes will help to determine the future of rural economies.

Over the past several years that the Agricultural Rural Restructuring Group (ARRG) has been hosting seminars and conferences, a great deal of information has been produced on the effects of globalization in rural areas. A great deal more has been considered in the popular press. Much of the analysis is at the national and international level. At the Ontario level, significant losses in manufacturing have occurred. Economists tell us that many of these manufacturing jobs have left Ontario, and Canada, permanently. They are gone for good and there are major adjustments to be made.

Most are well aware of the impacts of these job losses on manufacturing output. Also, the associated social costs have added an extra burden to the economy. Ontario, for example, has approximately 10 percent of its population on social assistance. New job creation is in the service sector. The analysis in Saskatchewan, by the previous speaker, draws attention to this shift on a national basis. ARRG has been looking at both aspects of this trend -- the shift away from a manufacturing base and its associated social costs -- for the past five years. We are now starting to see the unfolding of these trends and the way economies at all levels are starting to deal with them.

There are two components in these changes that are critical: skill sets and education. These form the basis for most new strategies for local economic development. There is a significant lack of skills to meet the changing economy, especially in rural communities. Coupled with this is the lack of educational and training opportunities to make the necessary adjustments. Much of the analysis of education, skills and economic restructuring occurs at the national or provincial levels. These form a base, but implementation requires change at the local level -- the development of a training and continuing education culture.

We need models of how these changes play out in local economies and what forms of intervention are appropriate locally. Huron County provides an example of some of these changes at a micro level and of the adaptations that can be made. In Huron, there have been some fairly major changes. A few general figures indicate the magnitude. Over the past twenty years (1971-1991) there was a phenomenal growth in manufacturing. Manufacturing output doubled and that forms the present concept of how Huron's economy functions. In the same period agriculture declined marginally. Still, Huron has the largest agricultural dominance of any county in Eastern Canada at approximately 20 percent of the labour force.

A consideration of the past two decades in Huron, and this is replicated in many other rural counties in Ontario, indicates that agriculture held its own while manufacturing expanded greatly. Also, towards the end
of this period service sector employment began to rise. This pattern is starting to change dramatically and is leaving Huron’s economy quite vulnerable. While Huron out-performed the provincial economy in manufacturing growth between 1971 and 1991, this growth is now slowing down. Some of the data that have been provided by the local Canada Employment Centre indicate that plants are leaving and reducing capacity.

In the past two years Huron’s economy has been undergoing a fundamental shift in direction away from a reliance on agriculture and manufacturing and towards the service sector. There are two interesting factors about the service sector in Huron County and in many rural communities across Ontario: the quality of the jobs and who is taking them. The service jobs aren’t menial jobs; they are not the “McJobs” that most people complain about. Most are, in fact, in the health-care sector. Huron’s economy, like many other rural economies, has grown substantially in health care. This trend reflects another major change in employment characteristics for rural areas. In Huron 95 percent of all the net new jobs in the past ten years have gone to women. It is the women in Huron County who are driving the new economy.

To summarize the economic future in Huron, the two components that drove the economy in the past twenty years have ceased to be its future engines. Agriculture is stable but commodity prices are on a long downward trend. The manufacturing sector is declining both relatively and absolutely. The service sector, led initially by health care and expanding female participation, has been protecting the local economy and creating almost all the net new jobs.

Given this structure of the economy, there are three major issues that need to be addressed in order to make the changes necessary to support a sustainable community:

- the creation of a training/education culture;
- the development of training resources; and
- the impact of technological change.

Huron lacks a training culture. It is that bleak. Also, Huron isn’t unique. It seems the more rural a community, the less it considers continual training as important. Given Canada’s rather poor showing in training compared with other developed countries, this magnifies the problem in rural areas.

The lack of a training/education culture leads directly to the second issue: training opportunities. If local employees do want to train, there are very few places they can go. Normally, specialized training needs have to be met outside the community, which adds considerable costs, in terms of time and travel, to training in rural areas.

Finally, there is very low recognition of the impact of technological change on our existing businesses. It's interesting that agriculture is very oriented towards technical change whereas our manufacturing sector is not oriented towards technical change. A survey of manufacturers in Huron probed the perceived impacts of technological change. The vast majority of manufacturers in Huron indicated that they saw no impact from technological change on their firms occurring over the next five years.

Huron County now is dominated, especially psychologically, by two sectors, agriculture and manufacturing. Both are declining in terms of employment, and manufacturing is also declining in terms of output. The service sector is generating most of the new jobs but its function in the economy has not been recognized. This is the first of three major adjustments that are required. The second is recognizing the impact of changing technologies and the requirement for dramatically more training/education for our labour force at all levels. Finally, as more females enter the labour force, changes are needed to adapt the workplace to accommodate their needs.

Adapting to these issues changes the planning and development approaches in local communities. There are two major changes and these are prevalent in the discussions we have already heard. The first one is a change from big to little. Most of our new firms are small. They are financed mostly from personal savings.
(This was a major finding in the Saskatchewan study that was presented earlier.) Also, we are moving from government to personal, relying much less on government-sponsored opportunities and much more on personally generated opportunities. These two overview changes, from big to little and from government to personal, require a community development approach to animate change. The older processes of "green fielding" do not work in this type of an environment.

Education, training and adjustment become critical components, far more important than they ever were. We have to learn how to incorporate our female labour force more fully into the market. This group is both the engine for new firms and the source of labour force change. Also, we need to develop recognition of the importance of part-time, networked and linked jobs to the performance of the economy. The idea of having one job that you go to all the time, especially in rural communities, is waning. (I think, just as an aside, of all the research that Tony Fuller has conducted over the years concerning pluriactivity and here it is, alive and well, on his doorstep.)

When significant changes are occurring systems usually respond erratically. Governments, at all levels, have not adapted to these changes in any comprehensive manner. Senior governments have much more of an older view of how economies work and are trying to adapt by policy proliferation right now. As you scan the policy environment, you tumble over this policy proliferation and the obvious question arises: Does anybody know where they are heading? The answer is, of course, that everybody knows where they are heading, it's the others they are not sure about. This mentality affects business, government and academics alike. In times of change nobody knows the "right" direction.

In this situation local areas often perform well because they are flexible and can experiment with less fear of error. It is this turbulence that makes it a relatively exciting time to be in the community development business. The issues that ARRG has brought to light over the past five years are starting to unfold in rural areas and in smaller towns. They are learning from each other at a rapid rate and from the variety of these local adaptations will come the approaches that will be synthesized into "government policy" in the years to come.

**BIO-SKETCH**

**Dr. Gary Davidson** is the Director of the Huron County Planning and Development Department in Ontario. He is a member and past president of the Canadian Institute of Planners, with over twenty years of professional experience in rural planning and community development. He holds adjunct professorships at the University of Waterloo and the University of Guelph. In addition, he has been a policy advisor to the Ontario Minister of Agriculture and Food since January 1991.
Rural Manufacturing Services: International Perspectives

Andrew Bernat, United States Department of Agriculture
John Bryden, Arkleton Trust, European Economic Community
Amy Glasmeier, Pennsylvania State University
Sally Shortall, National Economic and Social Council, Ireland

"Rural workers are working harder, for less pay, in less stable, and often less satisfying jobs than are urban workers. If the American economy is truly becoming one that produces information rather than goods, then it is critical that rural communities be able to compete effectively in this new environment."

Session chaired by Michel Gauvin, Intergovernmental Committee on Urban and Regional Research
MANUFACTURING RESTRUCTURING IN NONMETROPOLITAN U.S.\textsuperscript{2}

G. Andrew Bernat, United States Department of Agriculture

Introduction

Despite the secular decline of manufacturing's share of U.S. employment, manufacturing industries are a significant source of jobs and earnings in nonmetropolitan areas. Manufacturing accounted for between 18 and 20 percent of total nonmetro jobs and nearly 24 percent of nonmetro earnings throughout the 1970s and 1980s. Manufacturing's central role in many nonmetro economies makes it important to know how nonmetro manufacturing industries are affected by the restructuring that is occurring within U.S. manufacturing. While this restructuring has many facets, one of the key issues is whether the restructuring results in a strengthening of agglomeration economies. The purpose of this paper is to see how rural manufacturing changed during the 1980s and whether changes in agglomeration economies affected rural manufacturing.

Manufacturing restructuring: globalization and flexibility

Broadly speaking, manufacturing is undergoing two types of restructuring which are likely to have profound effects on rural communities. First, manufacturing is becoming increasingly global. Traditionally, rural manufacturing has been characterized by branch plants employing low-skilled labor to mass produce standardized products. Unfortunately, this type of factory is perhaps the most likely to relocate abroad in the quest of yet lower-cost labor. Thus, a major implication for rural areas is the potential loss of low-skilled jobs to less developed and to emerging economies.

The second aspect of restructuring is the adoption of more flexible production processes, including both technology and organization, by manufacturing firms. Driven in part by the heightened global competition but also by rapidly advancing technology, many manufacturing industries are changing their production processes to allow faster product development, shorter production runs, and a greater variety of products at a single facility or machine (see Gertler, 1992, for more on flexibility).

The trend towards greater flexibility has a number of important implications for the structure of manufacturing firms and establishments. In general, the adoption of flexible production practices leads to smaller factories or establishments, more nonproduction workers (administrators, engineers, marketing specialists, etc.) relative to the number of production or assembly-line workers, greater reliance and emphasis

\textsuperscript{2} An earlier version of this paper was presented at the ARRG meetings in Brandon, Manitoba, July 2-5, 1992
on timely information, and closer coordination and cooperation among machine makers, component producers, and product assemblers.

According to many researchers, all of these characteristics will contribute to increasing spatial concentration of manufacturing because they imply that firms located near other firms or in larger labor markets will be more productive than more isolated firms. In other words, the changes enumerated above imply that the importance of agglomeration economies is increasing. The notion of agglomeration economies is that there are a group of factors associated with larger places which lead to greater productivity for a given mix of inputs (see Malecki, 1991, and Henderson, 1988, for more on agglomeration economies).

In fact, one reason for the existence of large urbanized areas is the presence of agglomeration economies. Krugman, 1991a, 1991b, has developed a model which shows how increasing returns to scale -- whether due to agglomeration economies or internal factors -- might lead to the concentration of manufacturing in more urban areas. Recent work has shown that the strength of agglomeration economies declined during the '70s (Beeson, 1990, Carlino, 1985, Fogarty and Garofalo, 1988, Moomaw, 1986). At least one author asserts that this reduction in the strength of agglomeration economies was a major factor in the rural turnaround of the 1970s (Carlino, 1985).

There are two kinds of agglomeration economies, one associated with the degree of urbanization per se, the other associated with the concentration of similar firms, usually called localization economies. Thus, if urbanization economies are strong, then location in or near an urban area will raise productivity. If localization economies are strong, location near similar firms is important, regardless of the population of the area. While both types of economies appear to be important (Segal, 1976, Sveikauskas, 1975, Shefer, 1973), there is some uncertainty about the relative strength of the two types of agglomeration economies. For instance, Henderson, 1986, concludes that localization economies appear to be more important while Sveikauskas, Gowdy and Funk, 1988, conclude that urbanization economies and location near resources are more important, at least for some industries.

Clearly, the presence of strong agglomeration economies, whether localization or urbanization, has important implications for rural areas. Strong agglomeration economies reduce the ability of nonmetro areas to compete for manufacturing jobs because strong agglomeration economies mean that any given combination of capital and labor will be less productive in rural than urban areas. With lower productivity, rural areas would have to compete on the basis of lower factor costs. The lower cost of land and buildings favors nonmetro areas but the presence of agglomeration economies implies that the rural areas could compete successfully with low wage rates (Hansen, 1990). The stronger the agglomeration economies, the lower relative wages would need to be to compete.

**Manufacturing continues long-run shift to nonmetro areas**

In this section, data from the Census of Manufactures is used to see how the manufacturing restructuring which occurred during the 1980s affected rural areas. What we find is that there are clear signs of restructuring but the longer-term shift of manufacturing to nonmetro areas continued.

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3 Because employment and industry data are generally unavailable in the U.S. below the county level, county level data are used throughout this analysis. The terms metro and nonmetro are the county-level analog to urban and rural. A metro county is in one of the Metropolitan Statistical Areas, as defined by the Office of Management and Budget, and nonmetro counties are not. It should be kept in mind, however, that nonmetro counties contain urban areas and metro contain some rural areas.

4 The Census of Manufactures is carried out every 5 years by the U.S. Bureau of the Census and represents the most comprehensive attempt at measuring employment, output, and input use for U.S. manufacturing industries.
Employment shift to nonmetro areas largely production workers

Nonmetro areas continued to increase their share of manufacturing employment between 1977 and 1987, but there were large differences among regions. Only one region, the South, actually gained jobs. Both metro and nonmetro portions of the South added jobs, so that in 1987 the nonmetro share was essentially unchanged at 37 percent. The shift in manufacturing employment to nonmetro areas in the Northeast and the Midwest was a relative one. In both regions there were fewer nonmetro manufacturing jobs in 1987 than in 1977, but nonmetro areas lost fewer jobs than metro areas. The West was the only region in which manufacturing employment became more urban. Nonmetro areas in the West lost fewer manufacturing jobs than either the Northeast or the Midwest, but because manufacturing employment in Western metro areas increased by 21 percent, the nonmetro share of Western manufacturing employment fell by a fifth to 9 percent.

Not only are there strong differences between regions, there are striking differences within each region. In general, employment growth within nonmetro regions occurred in counties with relatively small urban areas. Overall, over half of all nonmetro manufacturing employment was in less urbanized counties (counties with an urban population of between 2,500 and 19,999). However, the less urbanized counties had roughly 60 percent of all nonmetro manufacturing employment in both the South and the Midwest but only 36 percent in the West. Looking at employment growth, both the less urbanized and the rural (no urban population) counties recorded employment gains between 1977 and 1987 while metro counties and the more urban nonmetro counties (urban population of 20,000 or more) lost jobs. In the Northeast, manufacturing jobs were added in only the most rural counties. In the Midwest, manufacturing employment fell 15 percent in both metro counties and the more urbanized nonmetro counties. In contrast, manufacturing employment rose 5 percent in the less urbanized counties and 9 percent in the most rural counties.

As discussed above, one of the changes associated with the restructuring occurring within manufacturing is a relative increase in the number of nonproduction worker jobs. It has long been recognized that metro areas have a much higher proportion of nonproduction worker jobs, including both administrative jobs and research and development jobs. This difference is one of the reasons that metro pay per job is higher than nonmetro. The Census of Manufacturing data show that the decline in manufacturing employment was limited almost exclusively to production workers. In fact, the number of production workers fell in all regions except the nonmetro South and the metro West. At the same time, the number of nonproduction workers rose in all regions except the metro Midwest. Consequently, the ratio of nonproduction workers to production workers rose in all regions, metro and nonmetro. Despite this increase in nonproduction workers in nonmetro areas, the nonmetro share of nonproduction workers fell. Coupled with a 10 percent increase in the nonmetro share of production workers, the polarization of manufacturing employment increased: nonproduction workers became more concentrated in metro areas, production workers in nonmetro areas.

The differences between the changes in nonmetro manufacturing and those in metro manufacturing are even more pronounced when seen on a per establishment basis. Production workers per nonmetro establishment, while actually falling slightly (from 42 to 41 per plant), increased relative to metro by a substantial amount. In 1977, the nonmetro ratio was 10 percent larger than the metro; in 1987 it was 28 percent larger. In 1977, 81 percent of nonmetro manufacturing employment were production workers but only 72 percent in metro plants, a difference of 13 percent. In 1987, this difference had grown to nearly 20 percent, even though production workers made up 79 percent of nonmetro manufacturing employment, down from 81 percent in 1977.

The growth of manufacturing in nonmetro South is notable because it does not appear to be following the restructuring pattern as a whole. A great deal of attention has been focused on how manufacturing firms are adopting more flexible processes. One implication of this is an increase in the number of establishments and a decrease in the average size of establishments. Another implication is an increase in the ratio of nonproduction workers to production workers under flexible manufacturing processes. Both are apparent in the Northeast, Midwest, and very clear in the West. However, manufacturing in the South appears to be much less affected by these changes. The average size of establishments increased, the proportion of nonproduction

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workers to production workers changed very little. In addition, the proportion of branch (multiunit) establishments actually increased. These data thus suggest that Southern manufacturing may be relatively untouched by the over-all restructuring taking place in manufacturing.

Productivity growth lagged in nonmetro areas

Nonmetro areas increased their share of manufacturing output between 1977 and 1987 but, depending on the measure of output used, this increase was less than the increase in share of jobs. In other words, nonmetro productivity gains lagged the gains exhibited by metro manufacturing. The Census of Manufacturing includes two different measures of output, value added and value of shipments.

Both metro and nonmetro areas experienced similar rates of growth in shipments per employee between 1977 and 1987, maintaining the nonmetro ratio at just under 89 percent of the metro ratio. Therefore, based on value of shipments and total employment, labor productivity in nonmetro manufacturing kept pace with that of metro labor. On a production worker basis, however, growth in nonmetro productivity lagged that of metro, the nonmetro to metro ratio falling 5 percent to 74.5 percent.

Another way to measure output is value added. This measure indicates a larger, and increasing, productivity gap between metro and nonmetro industries. In 1977, value added per employee in nonmetro manufacturing was 82 percent of that of metro establishments while value added per nonmetro production worker was even lower: 72 percent of the metro ratio. Even though nonmetro value added doubled by 1987, both ratios fell relative to metro areas. Thus, value added per production worker in nonmetro manufacturing establishments was only two-thirds that of metro establishments, a decline of 7 percent.

Overall agglomeration economies decreased

The evidence presented above gives a mixed picture as to the extent to which rural manufacturing restructured during the 1980s. The decline in average establishment size and the increasing productivity gap are both consistent with the hypothesis that significant restructuring occurred. However, manufacturing employment did not become more centralized as predicted. In this section an attempt is made to measure directly the strength of agglomeration economies. The results indicate that agglomeration economies actually declined during the 1980s, reflecting a continuation of a longer-term trend.

In order to measure agglomeration economies, production functions were estimated for metro and nonmetro manufacturing industries. A production function is a mathematical relationship between output on the one hand and inputs and factors affecting the production process on the other. Thus, agglomeration economies can be measured by estimating an equation in which output is a function of capital, labor, a measure of urbanization and a measure of localization.

Three production functions were estimated for each year: one for nonmetro manufacturing, one for metro manufacturing, and one for the U.S. as a whole. At the national level, urbanization and localization are statistically significant in each year and declined over the period. This is what was expected given the fact that manufacturing shifted towards nonmetro areas over the period.

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5 Because the Census of Manufacturing does not measure the cost of purchased services, the value added figures reported here include any purchased business services as well as the standard components of value added (e.g. employee compensation, interest payments, taxes, depreciation, and profits).

6 See Appendix for more details.
The equations for metro areas show that localization economies were significant in both years, but did not decline as they did in the national equations. The urbanization variable, on the other hand, was significant only in 1987 and negative at that. Evidently, the diseconomies associated with more populous locations were stronger than the urbanization economies. For nonmetro areas, urbanization was significant in both 1977 and 1987. As was the case for the national equations, urbanization economies were weaker in 1987 than in 1977, implying that the competitive advantage of the more urbanized nonmetro areas declined. Localization was not significant in 1977 but was negative, and significant, in 1987.

The regional differences were significant in all six equations. Furthermore, the estimated coefficients were all positive, indicating that manufacturing in the South was less productive in both years and in both metro and nonmetro areas. However, these results also indicate that productivity in the Northeast grew faster than in the South but that Southern manufacturing gained relative to the Midwest and West.

Conclusions

The results presented here suggest that even though agglomeration economies are significant, they declined in importance between 1977 and 1987. Thus, the structural changes within manufacturing have not, at least so far, led to concentration of manufacturing activity in more urban areas, although this conclusion may apply more to the South, with half of nonmetro manufacturing, than to other nonmetro regions. An important question still to be investigated is the extent to which the results reported here hold up for individual industries. Sector specific studies of urban manufacturing have shown significant differences among industries in the strength of agglomeration economies and it will be interesting to see to what extent nonmetro and metro industries differ and how much of the sector specific growth can be attributed to changes in agglomeration economies.

Appendix

In the version of this production function used here, value added is posited to be a function of labor, capital, a labor-capital interaction term, a localization variable, an urbanization variable, and dummies for the Northeast, Midwest, and West. Following previous work (Duffy, 1988, Fogarty and Garofalo, 1988), the Vinod production function (Vinod 1972, 1973) was chosen for this study. The production function was estimated in log-linear form:

$$\ln(\text{value-added}) = b_0 + b_1 \ln(\text{labor}) + b_2 \ln(\text{capital}) + b_3 \ln(\text{labor}) \times \ln(\text{capital}) + b_4 \ln(\text{urbanization}) + b_5 \ln(\text{localization}) + b_6 \times \text{NE} + b_7 \times \text{MW} + b_8 \times W$$

The labor and capital variables are constructed using the procedures described in Nguyen and Reznek, 1991. Labor is total worker hours, adjusted for nonproduction workers. Capital is the sum of machinery and capital assets. The localization variable is total labor input for the industry in the relevant portion of the state. The urbanization variable is population of the relevant portion of the state. There has been some controversy over the use of population in measuring urbanization economies. Chief among these criticisms is the fact that there are both economies and diseconomies associated with urbanization. However, as pointed out by Moomaw, 1983, the fact that population should be interpreted as a net measure of external economies does not mean it is an inadequate indicator. A negative value on population would indicate that any positive externalities (agglomeration economies) are in fact overwhelmed by the negative factors associated with urbanization.

Borrowing from the literature on technical change, agglomeration economies can be labor enhancing, capital enhancing, or Hicks neutral. Labor enhancing economies would raise the productivity of labor relative to capital whereas capital enhancing would have the reverse effect. Hicks neutral agglomeration economies
raise overall productivity without favoring either labor or capital. Most studies have assumed Hicks neutrality for two reasons: there is little theoretical reason for believing agglomeration economies would favor either labor or capital and it is simple to implement. Henderson, 1986, in a study of U.S. and Brazilian manufacturing, concluded that Hicks neutrality cannot be rejected. Similarly, Tabuchi, 1986, concluded that urbanization economies would, under equilibrium, be Hicks neutral even though he found evidence indicating that urbanization economies tended to be capital enhancing for some industries. The functions estimated here follow the common practice and assume Hicks neutrality.

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**BIO-SKETCH**

Andrew Bernat is currently the leader of the Rural Industry Section, Agriculture and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture. He received his Ph.D. in Agricultural Economics from Virginia Polytechnic Institute and State University in 1985.
RURAL INDUSTRY AND SERVICES
IN THE EUROPEAN COMMUNITY

John Bryden, The Arkleton Trust

Introduction

Rural areas are important to the EC. They include 80 percent of land area and, depending on definitions used, some 50 percent of population. There are still large rural regions with over 12.5 percent of employment in agriculture. Some in Portugal, Spain, Greece and Italy have over 20 percent employed in agriculture. These agricultural dependent regions are both poor and peripheral.

However, rural areas are very diverse. It no longer makes sense to talk about ‘rural’ and ‘urban’. Rather, we have to talk about very different types of rural and urban area. Key differentiating factors concern the labour market (dependence on agriculture) and agrarian structures. These tend to be related to peripherality, population density, relative income levels, level of education and training and trends in these features.

Rural industry and services are very important for rural areas in Europe because:

(1) Agricultural production and employment are decreasing;
(2) Employment in industries upstream and downstream of agriculture is declining;
(3) Agricultural budgets are under increasing pressure;
(4) Maintaining rural population and cultures is a very important political issue -- not only to service new urban demands and rural areas, but also for historical and ideological reasons.

In many rural areas, industrial employment is 30-40 percent of the labour force and services over 50 percent, and sometimes over 60 percent. Although general trends are similar, there is a widely varying experience between and within rural areas. I would argue strongly for differentiation of analysis and explanation; e.g., many rural service sector jobs are very low paid jobs (e.g. in tourism and catering).

General political and policy developments in Europe are very important for any discussion of the future of rural areas and rural enterprise. I would simply highlight the following over-riding concerns or issues:

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The Arkleton Trust was established in 1977 to study new approaches to rural development and education and to bring policy makers, researchers and practitioners into closer contact. Its main focus is on European research on rural economic and social problems, opportunities, and policies. It has a substantial portfolio of research and publications. Further information from The Arkleton Trust, Nethy Bridge, Inverness-shire PH25 3EA, U.K. Fax=44 479 821 441.
Map 1

Rural Europe, Dependence on Agricultural Employment in the EC
First, economic divergence between regions -- some getting richer, others poorer in relative terms. This threatens the political unity and future progress towards a European Union. Hence the concern with "cohesion" -- essentially reduction of regional disparities.

Second, the aim, in the rather ill-fated Maastricht Treaty, to achieve Monetary Union by the end of the '90s which demands convergence of national economies: inflation rates, interest rates, budget deficits, exchange rate stability. This has specific problems for economically weaker regions and nations who must bear the burden of adjustment either in lower wages or higher unemployment.

Third, the problem that Europe does not have a federal government. Increased union inevitably leads to increased central powers on major issues (economic and monetary adjustment, fiscal policy, trade and foreign relations, etc.) without parallel democratic structures to control decision makers. The federal idea is currently out of favour (especially in the UK). "Subsidiarity" is the new word, the idea that as much decision making as possible should be left with national governments. However, there is a basic contradiction between European union and subsidiarity which suggests that the problem of the democratic deficit at the centre of European decision making will not be "filled" by "subsidiarity", and that further development of democratic institutions must come sooner or later if the European project is to succeed.

Fourth, the EC Budget is small, currently about 1 percent of Community GNP. And this is still dominated by the Common Agricultural Policy, which accounts for about 60 percent of expenditure.

Fifth, the urgent political and economic need to respond to Eastern and Central Europe, specifically via market access and economic aid.

These five issues or concerns influence both the tendencies and prospects for rural industry and services and the policy framework which aims to influence industrial, service or innovation activity and its location. In addition, there is the immediate issue of the single European market.

For Europeans, "1992" is about creating an Economic Union based on market economy principles and allowing the free movement of goods, services, people and capital between nations and regions of the EC. The Single European Act of 1987 sought to remove all remaining barriers to such movements by the end of 1992. Most of these remaining barriers were non-tariff barriers connected with laws or practices surrounding such things as food hygiene, animal and plant health, food additives, professional qualifications, public procurement, telecommunications, transport and so on.

Post-1992, then, firms in the EC will have an effective market of 350 million consumers. They will also face increased competition in their local markets for both goods and services. The market is also widened, and competition further intensified, by the extension of agreements on internal trade to the European Economic Area (EEA), including former EFTA States which remain, for the moment, outside the EC.  

The future of rural areas in this context will depend in large part on the competitiveness of their primary manufacturing and service sectors, and on the dynamism of their entrepreneurs and public servants.

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8 Norway, Sweden, Finland, Liechtenstein, Switzerland and Austria, which add a further 30 million consumers to the market.
Ireland and Devon, the work on compiling on-line databases by Crossaig Ltd. in Argyll (Scotland) and the use of home-based workers in the Scottish Highlands to provide a national directory enquiries service for British Telecom. However, at the end of the day either urban-based firms and public bodies must see it in their interests to put work out in this way to rural areas, or rural entrepreneurs must grasp new opportunities to provide telematics-based services to mainly urban clients. Given the necessary infrastructure, the speed at which this will occur depends partly on relative costs, partly on human resources in rural areas, partly on attitudes and partly on new systems of organisation and management, such as workflow-management techniques.

Innovation

I have already referred to efforts at the EC level relating to new information and telecoms technologies. The EC has also studied a network of business innovation centres and has a major set of research and development programmes for science and technology, some of which are related to rural industries.

At local levels too, a number of countries have sought to use publicly subsidised innovation centres to support innovation by local firms, especially SMEs whose capacity to support research and development is limited. Stu Rosenfeld, supported by the Rural Policy Exchange Programme which ARGG, Arkleton and Aspen put together, examined several such initiatives in both Denmark and Southern Third Italy. Not all of these have been successful, but according to Rosenfeld some have had an important impact.

Product differentiation

This is a very important strategy in Europe. Many Europeans carry a map of Europe in their stomachs: Roquefort Cheese, Parma Ham, Bordeaux Wine, Strathpey Malt Whisky, Dublin Bay Prawns and so on. Harris Tweed is only made in the Western Isles of Scotland -- by law. This product-place relationship is something that many people believe can be further developed, for example in tourism.

Market access

Other than physical questions of transport and communications, the EC has set up a large network of Euro Information Centres with a specific role of informing SMEs about 1992 and helping them to connect with partners and networks in other European Countries -- joining predators and prey if you like to use Peter Apedaile's categories. There have also been a flurry of acquisitions and consolidations in certain sectors e.g. food manufacturing, which had the largest share (and almost the largest volume) of cross-border acquisitions in 1989, led by firms such as BSN, Hillsdown Holdings and Unilever. This in turn has led to a response in the distribution sector, with food retailers joining forces to maintain bargaining power, e.g. the partnership between Ahold (Dublin) Cassino (France) and Argyll (UK).

These, then, are some of the practical responses in Europe to the creation of a more open single-frontier free market and the opportunities and threats this poses for rural manufacturing services.

I want to make three brief final points:

1. Many rural areas are placing heavy reliance on tourism. So far this has been a low income sector with many problems of seasonality, etc. But it remains a potential growth area.
(2) Partly related: rural environment and culture are increasingly seen as assets in meeting urban demands on rural areas rather than as drawbacks or threats to economic activities.

(3) There is now more stress on local development and local participation in development, through local public-private partnerships.

Conclusions

(1) Political needs connected with "Europe building" plus the economic consequences of that process are leading to heightened awareness of the role of spatial/regional policies and in which rural areas have a more explicit place.

(2) Issues of competitiveness are leading to a focus on the components of regional/rural competitiveness and a wider view of these components and a more holistic approach to policy measures.

(3) Rural areas are under huge pressures from centralisation, agricultural decline, increasing competition terms, and declining public budgets, forcing new policy approaches both to the components of that policy and how it is evolved and worked out on the ground in different contexts.

(4) Rural areas are very diverse in their experiences and prospects. This reinforces the need for local, more holistic partnerships approaches to rural policy implementation.

(5) Restructuring -- fragmentation of production processes and service functions offer possibilities for a new spatial division of labour.

(6) In all this restructuring process, both opportunities and threats arise for rural areas. The challenge seems to be to use the strengths of rural areas (some of which Bill Reimer referred to at the seminar) to minimise the threats and maximise the opportunities. But, this increasingly needs a quite sophisticated understanding of what is going on elsewhere, in other countries and in urban areas. So a local development focus must not be a parochial focus.

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**BIO-SKETCH**

**Dr. John Bryden** obtained a B.Sc. (Hons.) in Political Economy and Agricultural Economics at the University of Glasgow in 1965. He continued studies at the University of the West Indies where he held a post-graduate studentship in 1965-66. In 1973 he was awarded a Ph.D. in Development Economics from the University of East Anglia.

Since 1981 he has been research and programme director of The Arkleton Trust and Arkleton Research. In that capacity he has directed the European research programme, Rural Change in Europe: Farm Structures and Household Pluriactivity 1986-91, which had major sponsorship from the EC Commission and the Economic and Social Researeh Council (ESRC). He also undertook the background work for the Regional Policy Directorate in the European Commission on the prospects for rural areas within the framework of the Europe 2000 project. In addition, he has worked on rural services for the OECD, and acted as a consultant for the Council of Europe during its Campaign for the Countryside. He is an economist specialising in the economic and social problems of rural areas, and on rural policy issues. He holds an honourary research fellowship at the University of Aberdeen, and is a member of the ESRCs Research Centres Board for the UK.
GLOBAL STAKES: PERIPHERAL REGIONS IN AN ERA OF GLOBALIZATION

Amy Glasmeier, Department of Geography
The Pennsylvania State University

I wish to talk about the relationship of rural communities to large corporations in an era of globalization. While I will be discussing the situation in the U.S., given Canada's high level of dependence on branch plant development, I believe my analysis and conclusions have relevance for Canadian rural communities. As part of today's discussion I also wish to comment on immediate issues associated with trade policy in an era of new trading regimes. My comments will be brief.

Globalization

Globalization, like terms before it, has become a cryptic buzzword describing dramatic changes in the economic environment. For business, the term globalization roughly means the pursuit of corporate profits derived from an organizational configuration that transcends geographic boundaries and relies upon operations that achieve economies of scale across places while maintaining sensitivity to local preferences. In the abstract this includes everything from the creation of global products that can be sold interchangeably in many regions to a product that is tailored to final user needs. The implications of this metamorphosis are that firms are searching for economies of scale in activities that are repetitive across locations while maximizing economies of scope within corporations. Unlike in the past when corporations built gigantic organizations to satisfy needs and wants, increasingly large organizations are capable of controlling without owning the necessary resources to compete globally. As Carnegie Mellon Professor Bennett Harrison notes, we have entered an era of concentration without centralization in which firms can execute complex operations that span the globe without necessarily taking ownership or financial responsibility of institutions.

Globalization also means increased competition among different firms and political and economic systems. The early era of the multinationals was dominated by oligopolistic developed country firms. Today, global competitors represent very different realities, including companies in countries whose governments undertake explicit economy-wide strategic planning and couple low costs with high productivity. This new reality is causing serious concern even for the nation's strongest corporations such as IBM, which finds itself strategically disadvantaged in the current period. In response to changing circumstances, firms are reorienting themselves to become globally competitive. For some firms becoming competitive means total transformation, sometimes even moving out of the original industry. For other firms being competitive is based around

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10 The research upon which this paper is based has been generously funded by the State Policy Program, a jointly-sponsored Ford Foundation and Aspen Institute program. All omissions are the responsibility of the author. Thanks are given to Amy Kays and Jeff Thompson who are participating in the study and who were kind enough to read earlier drafts of these comments.
technological leadership. For still others it means establishing networks of relationships with other firms in the form of subcontracts, strategic alliances and competitive collaboration.

**Rural communities have always been on the corporate fringe**

Rural and peripheral communities have always been on the fringe of corporate endeavors. Rural areas have been viewed as vessels in which certain kinds of activities could traditionally be profitably undertaken. Rural contributions have been in areas of lower costs, and to some degree, greater flexibility. This greater flexibility has allowed firms to make limited commitments to a place. Part of the attraction of rural communities is that workforces can be easily collected and dispersed, and local governments are pliable regarding rules and regulations. Importantly, additions to value-added have been in the form of reduced costs; rural areas are minimum cost centers on corporate balance sheets.

Today, lower costs are only one part of corporations’ calculus as other pressures toward globalization set in. This fact applies to both very traditional rural sectors such as those dependent on resources like agriculture and sectors that have relied upon rural areas for lower wages. Given transportation and telecommunications innovations, firms face numerous opportunities to operate businesses profitably around the globe. At the same time, big firms face similar mandates regarding design, reliability, quality and timeliness of delivery. Thus their global search is to find locations where productivity, even in low cost activities, is maximized while costs are kept at a minimum. It is here where rural America is in danger of losing out.

**Why be concerned about big firms?**

The need to work with large businesses stems from the fact that, while small businesses are indeed the numerical majority in terms of enterprises, they do not provide, nor have they ever provided, the bulk of all jobs. In fact, in rural areas, big firms and multi-locational corporations still provide the bulk of employment in manufacturing. These enterprises have traditionally been treated primarily as targets of recruitment efforts. Few communities have established effective working relationships with their branch plants and larger employers. And yet these organizations are major elements of rural America’s economic fabric. Today more than ever before, these operations are at risk. Communities need to be concerned about the productivity of these enterprises just as much or more than they are concerned about small firms. The reasons are several.

First, these operations are part of larger organizations that have little attachment to place. As firms press toward globalization they are finely tuning their production and institutional systems. Site-specific advantages are taking on new meaning as firms choose from a continuum of organizing opportunities ranging from establishing an operation to subcontracting out with local businesses. It is no longer necessary to own productive capacity in order to control it. Many small and medium size businesses (which have been targets of our economic development efforts) are in fact dependent upon larger businesses.

This brings me to my second point. We need to be concerned about large employers because they are a part of the rural fabric. We have always been disappointed that branch plants developed so little in the way of local linkages. We failed to appreciate the role these organizations play in the existence and vibrancy of subcontracting relationships. Large firms subcontract out activities because they can’t do them, they do not want to do them in-house, or they lack capacity. A major area of rural economic development is the existence of subcontracting networks linking big and small firms.

Finally, we have to be concerned about these operations because they are the most mobile, and therefore the most capable of adjusting their locations, when new opportunities arise. While firms have demonstrated significant mobility in the past, the future will include substantial job losses due to plant relocations. The evolution of trading blocks and the institution of new trade policies such as the North American Free Trade Agreement (NAFTA) will have a major impact on rural America.
Trade policy and rural development

While I would like to say that there is adequate time to develop policy solutions for the problems of large employers, unfortunately the environment in which big firms are coping today is changing rapidly. In perhaps no other area is change occurring more quickly in the domain of trade; thus it is necessary that we consider how national trade policy will affect the nation's rural communities.

NAFTA

Most modeling analysis suggests that the impacts of NAFTA in the U.S. will be quite small. Size of investment in any one year is likely to be small relative to the size of the nation's economy. Due to data limitations and disclosure problems, it is presently difficult to estimate the impacts of the NAFTA in precise ways. Theory tells us that at the national level, benefits from free trade arise as complementary products produced in the U.S. are sold into Mexico in association with the development of Mexico. We will produce computers, and they will produce low value-added parts, fresh fruits and vegetables, and products late in the product cycle. The argument about complementarily assumes that the American work force is substantially more productive than that of Mexico, and that shifts in production to Mexico will be in those industries in which the U.S. ought not to be competing internationally.

Sectoral impacts will be geographic impacts

At present the models used to estimate the effects of NAFTA cannot identify the spatial distribution of economic change associated with liberalized trade. However, we do know something about the sectors likely to be most affected. These include food processing, apparel and textiles, auto parts, furniture -- essentially all labor-intensive activities. Some of these sectors, such as apparel, are presently heavily protected from foreign competition and thus will experience significant change when and if NAFTA is passed. Firms in these industries are also aware that the passage of the Uruguay Round of GATT will result in the elimination of the Multi-fiber Agreement that currently regulates access to the U.S. market for apparel and textiles through a quota system. Firms see Mexico as an effective means of being able to compete with imports from low wage countries.

These labor intensive low-cost sectors also have a specific geography. They are located in the nation's rural communities, in the South (the recipient of the first round of industrial decentralization), in the Midwest (where the automobile-consumer electronics-food processing complex shifted production to rural locations), and along the nation's border with Mexico.

The geography of impacts is related to the organizational structure of firms

Many of the nation's low-wage jobs are in branch plants of the nation's larger corporations. These establishments don't have to be technologically backward, though many of them are. Nonetheless, these establishments produce standardized products in which labor as a fraction of total cost of production is still relatively large. It is also the case that many of these branch plants produce products that are very basic to industrialization. That is, they produce products that are in many ways appropriate for a newly industrializing country to produce.

In interviews recently conducted with firms and industry experts in apparel and textiles, it is evident that there is great concern about the pending NAFTA. Again, NAFTA is only one of many developing trade policies that will affect rural manufacturing. The general sentiment is that firms that are already international will continue to take advantage of free trade by further penetrating foreign locations to access markets and
3) Important service functions such as retail are moving up the spatial hierarchy; rural communities must develop programs that somehow share the benefits of regional service provision;
4) Rural communities face significant limitations associated with the continual draining off of the most skilled people into urban areas. The rewards for remaining in rural areas are diminishing over time.

I wish to close with some recommendations that I believe address the most pressing concerns for rural communities and these relate to the globalization of our national economies.

Although my discussion has focused on the pending Free Trade Agreement and adjustments needed by firms to be competitive, these policy recommendations apply more broadly to general issues of industrial competitiveness.

**How to compete**

From our interviews it is evident that most non-multinational firms were unprepared to compete globally. Specifically, we interviewed representatives of manufacturing firms, and they were poorly or completely unprepared to compete in an international economy. We frequently received responses from firms that indicated a lack of knowledge about the NAFTA, what it will mean for American businesses, and how they might benefit from it. This underscored their dependence on the American market and their failure to understand that the economy is increasingly global.

To bring local firms up to speed requires considerable technical assistance; many firms, regardless of sector, are not currently internationally competitive. Programs such as the one developed by Judith Kossey and the Western New York Economic Development Corporation are models of firm competitive assessment. This program begins at the level of corporate strategy and ends at specific programmatic adjustments that retain workers, refocus production and identify new markets.

When it comes to foreign trade, the problem goes beyond simply how firms can do what they currently do better; gearing up for international trade requires changing standards, product design, packaging, and corporate competitive strategy. Other programs, such as industrial extension in Georgia, provide the necessary level of sectoral expertise to solve immediate and longer-range industry problems.

A second policy intervention consists of developing information systems that identify firms that can export, export markets that are in existence, and linkages between foreign and local firms. Such an information system should serve as a clearing house for other information about how to access foreign markets and how to deal with the specifics of international trade law. States need to develop information systems that connect local development authorities with detailed information about how to participate in foreign markets.

**State and province level audits**

Firms are not the only under-informed players in foreign trade. We also found that many states had regulations that thwarted doing business in Mexico. For example, Mexican lawyers cannot practice law in Texas. Therefore any type of business transaction with a Mexican firm which requires legal services is convoluted and often impossible to complete. Another example is the need for a line of credit to undertake foreign production. Many banks won't accept or cannot issue lines of credit. This again limits access to business activities in Mexico, and in other foreign countries for that matter.

Thus states that have the slightest possibility that firms will be in a position to participate in the Mexican market should undertake state level analysis of business regulations to identify impediments to international
trade. This runs the gamut from who can practice law to local product standards focused on public safety and other reporting requirements.

Worker transition and competitiveness assistance

While aggregate job loss associated with the NAFTA will be minimal, certain sectors, and therefore regions, will be especially hard hit as the NAFTA is phased in. In particular, communities with apparel manufacturing can anticipate dislocation as firms shift production to Mexico. To underscore the significance of this possibility, interviews with industry trade representatives suggest that the entire American apparel industry is at risk. There are similar discussions underway relating to the American auto parts industry.

The macroeconomic view suggests that as this lower skilled work shifts to Mexico, American workers would be expected to take up jobs with higher skill. In order for this to occur, two things must happen: we have to create jobs that require higher skills (and ERS research indicates there is little evidence that jobs with high skills were created in abundance in rural areas over the decade of the 1980s), and we must implement transition programs to assist workers shifting among sectors.

At present retraining programs are oriented toward workers once displaced. However, we can anticipate sectoral shifts as of now. Therefore, in addition to displacement programs currently in existence, local and state governments should consider developing programs that are early interventionist in nature. This would require going into facilities and offering training to workers for general human capital development.

It is not a question of whether but of when the NAFTA will be passed. Pressures to eliminate the MFA agreement will force the U.S. into bilateral trade agreements with lower cost countries in an effort to remain competitive. When I collaborated on the state of Texas’ NAFTA assessment, it was clear to me that we will know the impacts of NAFTA before the trade agreement is signed. What we don’t know is how to respond in time. Response includes preparing firms and communities to succeed in an international context. And to do so we must pay particular attention to preparing workers to transition to higher skilled jobs. This is not something we do very well now. Preparation for NAFTA will require responses at all levels of government, and in many cases it will require regional cooperation among governments if we are to take full benefit from policy developments.

BIO-SKETCH

Amy Glasmeier is an Associate Professor of Geography at the Pennsylvania State University. She holds a professional masters degree and a Ph.D. in Regional Planning from the University of California at Berkeley. She is the author of The High-Tech Potential: Economic Development in Rural America, and the co-author of High Tech America, with Ann Markusen and Peter Hall. Dr. Glasmeier publishes widely on diverse topics such as rural economic development, Japan’s industrial policy and spatial development, discontinuities in economic development due to shifts in technological and production paradigms, high-tech industrial development, and merchant wholesaling and regional development. She has also been a consultant to the Congressional Office of Technology Assessment.

During the 1991-92 academic year Glasmeier was on sabbatical leave from teaching and working at the Aspen Institute on a study of the competitiveness of rural manufacturing branch plants in the increasingly global economic environment. She was also completing a focussed analysis of the impacts of globalization on branch plants in the Appalachian Region. She has completed a co-authored book manuscript based on another Aspen-funded project: the role of service industries in rural economies.
RURAL DEVELOPMENT IN THE REPUBLIC OF IRELAND: AN OVERVIEW

Sally Shortall, National Economic and Social Council, Ireland

Background

What we now know as the Republic of Ireland became independent of the United Kingdom in 1922. While the first government argued the merits of free trade and did not introduce protectionist policies, the second government came to power on a ticket advocating self-sufficiency and a protectionist policy for Irish industry. Between the 1930s and the late 1950s, high tariff and non-tariff protection was the principal method used to foster and develop Irish industry. New industries developed and older ones expanded, but the industrial sector stagnated, became increasingly inefficient and under-capitalised behind this tariff and non-tariff protection (Ruane, 1981; Cuddy, 1991). During the late 1950s, the employment situation was deteriorating and emigration rates were high.

The 1960s and the concern with regional development

In the late 1950s, the move towards free trade was associated with the idea of economic rejuvenation (Fitzgerald, 1981). Ireland joined The General Agreement on Tariffs and Trades (GATT) in 1967, and became a member of the EC in 1973. The 1960s heralded a change in industrial policies as Ireland prepared for free trade and EC entry. Protection was gradually phased out, existing and new industries were encouraged to develop export-based markets and foreign investment was actively pursued.

Farming was the primary industry in rural Ireland during this time. Agricultural occupations accounted for 50 percent of the total labour force when the State was founded, while today they account for about 16 percent (Breen et al; 1990).

The main traditional centres of manufacturing during the period of protection were the two largest Irish cities, Dublin and Cork. When Ireland decided to embark on free trade, there was also a decision to try to correct this uneven spatial distribution of growth. The current debate in rural industrial development is somewhat resonant of the debate which took place during the 1960s: on one side centralists argued in favour of carefully selecting a number of regional growth centres and fostering industrial development and focusing investment in these centres (Buchanan, 1968); on the other side dispersionists recommended a much wider geographical dispersal of new industry and argued that a factory in small towns and villages was more likely to halt rural decay. At this time, agricultural employment had fallen, emigration from rural areas was high, and it was hoped developing industry in rural areas would provide an alternative source of employment and a supplemental income for farmers with small or poor acreage. Price supports were available, but they were of limited assistance. The recommendation to develop a number of major poles was not the policy pursued; rather a strategy of wide geographical dispersal of new industry was undertaken.

The Industrial Development Authority (IDA) is the most important national body from the point of regional policy since they directly affect the location choices of firms. The early 1970s saw the beginning of
the IDA's clearly stated policy of dispersing new industry outside the traditional centres. The IDA used a package of non-repayable cash grants and tax reliefs on export sales to develop Irish industries and particularly to attract foreign investment. This included the provision of advance factory buildings and differential rates of capital grants for particular regions.

This policy achieved its objective in that new manufacturing industries, with IDA support, were established throughout the country. Manufacturing employment was created, mostly by foreign-owned multi-national companies, in areas which previously had no such tradition. The pattern of rural depopulation was reversed during the 1970s. Employment in agriculture, forestry and fishing continued to decline (from 273,000 in 1971 to 168,000 in 1986) but rural population recovery was widespread, as evident in Table 1.

<table>
<thead>
<tr>
<th>Type (population centres)</th>
<th>1966-71</th>
<th>1971-81</th>
<th>1981-86</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000 and over</td>
<td>+ 6.4</td>
<td>+ 16.1</td>
<td>+ 2.4</td>
</tr>
<tr>
<td>5,000 - 10,000</td>
<td>+ 8.1</td>
<td>+ 40.4</td>
<td>+ 5.3</td>
</tr>
<tr>
<td>3,000 - 5,000</td>
<td>+ 16.0</td>
<td>+ 38.1</td>
<td>+ 4.3</td>
</tr>
<tr>
<td>1,500 - 3,500</td>
<td>+ 10.7</td>
<td>+ 26.3</td>
<td>+ 2.5</td>
</tr>
<tr>
<td>1,000 - 1,500</td>
<td>+ 7.9</td>
<td>+ 24.4</td>
<td>+ 0.2</td>
</tr>
<tr>
<td>500 - 1,000</td>
<td>+ 7.6</td>
<td>+ 22.6</td>
<td>+ 4.7</td>
</tr>
<tr>
<td>Under 500</td>
<td>+ 5.8</td>
<td>+ 29.7</td>
<td>+ 6.1</td>
</tr>
<tr>
<td>Country districts</td>
<td>- 2.2</td>
<td>+ 7.4</td>
<td>+ 2.6</td>
</tr>
<tr>
<td>Total State</td>
<td>+ 3.3</td>
<td>+ 15.6</td>
<td>+ 2.8</td>
</tr>
</tbody>
</table>

Note: Groupings are based on average populations for the relevant intercensal periods.
Source: Cummins, NESC Report No. 92, CAP Reform Policy.

Some manufacturing companies had good reason to locate in remote areas, but many were urged, cajoled or bribed by IDA policy (DKM consultants, 1992). For example, the location in remote areas of light manufacturing plants whose raw materials and business services come through the East Coast meant operational cost penalties for the firms involved. The policy of industrial dispersal pursued was not so much about creating jobs in rural areas as moving jobs to rural areas. Table 2 illustrates how this policy altered the national distribution of industrial employment.

<table>
<thead>
<tr>
<th>Region</th>
<th>1975</th>
<th>1989</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>105.7</td>
<td>86.8</td>
<td>-17.9</td>
</tr>
<tr>
<td>(of which Dublin)</td>
<td>(90.1)</td>
<td>(64.1)</td>
<td>(-28.9)</td>
</tr>
<tr>
<td>Southwest</td>
<td>39.9</td>
<td>35.6</td>
<td>-10.8</td>
</tr>
<tr>
<td>Southeast</td>
<td>27.2</td>
<td>27.8</td>
<td>+ 2.2</td>
</tr>
<tr>
<td>Northeast</td>
<td>15.9</td>
<td>16.1</td>
<td>+ 1.3</td>
</tr>
<tr>
<td>Midwest</td>
<td>20.3</td>
<td>22.7</td>
<td>+ 11.8</td>
</tr>
<tr>
<td>Midlands</td>
<td>17.0</td>
<td>18.0</td>
<td>+ 5.9</td>
</tr>
<tr>
<td>West</td>
<td>10.9</td>
<td>17.1</td>
<td>+ 56.9</td>
</tr>
<tr>
<td>Northwest &amp; Donegal</td>
<td>9.6</td>
<td>12.0</td>
<td>+ 25.0</td>
</tr>
<tr>
<td>Total</td>
<td>246.5</td>
<td>236.1</td>
<td>- 4.2</td>
</tr>
</tbody>
</table>

Over the fourteen-year period, 1975-1989, national industrial employment fell by 4 percent, but there was marked regional variation. The West and North-West had large gains. Employment fell in only two regions: the South-West (Cork City) and the Eastern region, with Dublin being most affected within that region. The decline of industry in Cork and Dublin cannot be entirely attributed to IDA policy. EC membership, the end of tariff and non-tariff protection exacted a heavy toll on traditional industries, most of which were located in Dublin and Cork. It is clear, though, that much foreign investment was steered away from these regions.

It was not only the location of manufacturing industry which changed during the late 1960s and 1970s; there were also significant changes within manufacturing industry. There was a relative decline in the traditional areas such as food, drink and tobacco, textiles and clothing and footwear. In contrast, there was an upsurge in employment in chemicals, minerals, metals and engineering (Ruane, 1981). The decline of native manufacturing industries had particular implications for women. These industries typically employed a preponderance of women and national figures showed that there were fewer women employed nationally in manufacturing industry in 1985 than in 1961 (O’Donovan and Curtin, 1991). Those women who were employed were concentrated at the lower end of the earnings scale and the lack of employment options available to rural women resulted in the toleration of poor working conditions in multi-national companies (Harris, 1989; O’Donovan and Curtin, 1991).

The foreign investment that followed Ireland’s generous open door policy and the benefits of CAP following EC entry meant the 1970s were a very buoyant period for the Irish economy. The buoyancy was such that there was rapid public-sector expansion. Rural Ireland benefited significantly from public expenditure during this period, particularly from expenditure on education and health (Cuddy, 1991). Rural residents had an unprecedentedly high level of access to health and education services and the services sector put direct employment into rural areas. It is interesting to note that rural regions have benefited much more from public sector than from private sector employment. The public sector share of employment in rural areas is close to the national average, whereas it is considerably less in the case of the private sector services (Brady, Shipman and Martin, 1987).

The end of the 1970s and start of the 1980s saw the beginning of a very difficult period for the Irish economy. In some areas the world recession only precipitated problems that were already latent (Cuddy, 1991, pp. 33-34). The generous and facilitating open-door policy to foreign companies led to foreign subsidiaries becoming a substitute for, rather than a complement to, indigenous industrialisation. Many of the foreign industries attracted to rural Ireland had little growth potential. They were simple, self-contained processes with little scope for development. Each new firm needed as much inducement as the original ones. By the end of the 1970s, Ireland was heavily dependent on foreign industry and was among one of the world’s most dominated economies in terms of relative shares of foreign direct investment (Smyth and Boylan, 1991). The export-oriented foreign industries brought economic buoyancy in the 1970s, but they brought crises in the 1980s when foreign investment declined. Between 1980-1987 industrial job losses in IDA grant-aided enterprises exceeded gains for most years in all regions. The economic difficulties meant a declining capacity to finance publicly provided social services. Unemployment reached an all-time high. The blows to rural areas were severe. While manufacturing employment declined during this period 1980-1987, services employment increased. This growth in commerce, insurance and finance sectors benefited the East and urban areas more than rural areas. A re-orientation of industrial policy de-emphasised the regional dimension, and the problems of high national and urban unemployment took precedence.

Entry into the EC

Since Ireland joined the EC in 1973, regional and rural policy has been profoundly influenced by thinking in Brussels. The CAP replaced national price supports and was more extensive and more generous. It had a direct positive effect on all rural areas through raising product prices to farmers, raising their incomes and the amount of money in rural areas. The agricultural support mechanism helped those dependent on agriculture, but it was in proportion to output and this led to inequity as larger farmers and farmers located in the better regions benefited most. CAP has also led to other well known problems apart from skewed
Table 5 shows the percentage of projects undertaken by different categories of promoters.

| Table 5. Percentage of Priority Projects Undertaken by Different Types of Promoter |
|--------------------------------------|-------------------------------|
| Community groups                     | 28.4                          |
| Development associations              | 18.3                          |
| Co-operative societies                | 11.2                          |
| Individual entrepreneurs              | 18.3                          |
| Private companies                     | 11.7                          |
| Others                               | 12.0                          |
| Total                                | 100.0                         |

The programme had an external evaluator, and Eoin O’Malley’s report (1992) is the result of this evaluation. The overall conclusion is that this type of programme can make a distinctly useful contribution to economic and social development. Projects were locally based, although they were focused by systematic central guidance. The project was not specifically geared to developing new industries, but some small enterprises did develop. The continual training and close contact between the groups in the different areas contributed to the success of the venture and the stated objective of shared learning. It was found that the most important factor in producing quick results in terms of jobs and income was the previous existing level of community activity and strength of community spirit. Where such activity was strong, then regardless of whether areas were rich or poor, the core groups proceeded more rapidly and produced tangible results (p. 74). In other words, community spirit was a crucial factor and feedback from the groups recommended that in such ventures, the areas should be self-selected. At the end of the venture, the following number of jobs has been created:

99 full-time jobs
249 seasonal jobs (full time at least 1/2 of year)
187 part-time jobs.

The areas estimated the further potential for the creation of:

505 full-time year round jobs
188 full-time 1/2 of year jobs
687 part-time jobs.

The pilot IRD programme demonstrated that there is considerable voluntary effort which can be mobilised to promote economic and social development in local areas.

At the end of the pilot programme, there was a limbo period while the future of the programme was debated. In the middle of 1991, it was decided to extend the programme for a further 2 years. There are now 25 rural development co-ordinators. However, it is difficult to state that the programme has been extended, when it has essentially assumed a different form. The extensive planning of the pilot programme is no longer carried out by planning teams. The rigorous training and workshop/seminars are gone. The structure of the IRD programme has changed and now it will be administered through county development teams. The extended programme is now funded under the EC Operational Programme for Rural Development. However, this fund will only finance small and community enterprises, rural infrastructures or farm diversification. In other words, it will fund sectoral measures, but not an area-based approach to rural development. This narrows considerably the parameters of the original Integrated Rural Development Programme which was much broader in scope.
At present in Ireland there are numerous area-based programmes in operation, mostly funded by the EC and operated through various Government Departments. They are all of a short-term nature. The following are some examples of these programmes.

The IRD programme, already outlined, will continue until the end of 1993.

The LEADER programme is an EC initiative in operation until the end of 1993 which finances local development groups. Of the 200 leader groups in the community, 17 are in the Republic of Ireland. They were chosen on the basis of their business plans. The State and EC will provide 50 percent of finance for business plans and the community must provide the other 50 percent. Table 6 details the distribution of expenditure for LEADER.

Map 3
Ireland and Northern Ireland
Table 6. LEADER: Financial Plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>Total Cost (EC &amp; State)</th>
<th>Total Public Expenditure (EC &amp; State)</th>
<th>Matching Private Funds</th>
<th>Measures as % of Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Support</td>
<td>4.931�</td>
<td>2.652¤</td>
<td>2.279</td>
<td>6%</td>
</tr>
<tr>
<td>Vocational training and employment assistance</td>
<td>5.920</td>
<td>2.775¤</td>
<td>3.145</td>
<td>8%</td>
</tr>
<tr>
<td>Rural tourism</td>
<td>33.283</td>
<td>14.230¤</td>
<td>19.053</td>
<td>43%</td>
</tr>
<tr>
<td>Small enterprises, crafts and local services</td>
<td>13.750</td>
<td>5.816¤</td>
<td>7.934</td>
<td>18%</td>
</tr>
<tr>
<td>Exploitation and marketing of farm forestry and fishery products</td>
<td>9.767</td>
<td>4.067¤</td>
<td>5.700</td>
<td>13%</td>
</tr>
<tr>
<td>Other measures</td>
<td>4.747</td>
<td>1.871¤</td>
<td>2.876</td>
<td>6%</td>
</tr>
<tr>
<td>Assistance for establishment and running of the group</td>
<td>4.376</td>
<td>3.261¤</td>
<td>1.115</td>
<td>6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>76.774</td>
<td>34.672¤</td>
<td>42.102</td>
<td>100%</td>
</tr>
</tbody>
</table>

The *Inter Reg Programme* is an EC programme specifically targeted at helping border areas of the community to prepare for the Single European Market. Rural development is one stated "theme" around which regions are encouraged to co-operate.

The *3rd EC Anti-Poverty Programme* is a pilot project, co-financed by the EC and national exchequer, which is concentrated in a particular region of Ireland and has the stated objective of reducing poverty. It has a set of objectives and an operational strategy which are part of an EC-wide programme. It has a formal company structure and employs a number of staff. Its projects are not part of any broader set of rural development strategies but provide a fortunate inflow of funds and expertise to the areas in which they are located.

*NOW* aims to train and assist women in establishing small businesses and co-operatives which employ women. Some of the projects are located in rural areas.

*PESP Area-Based Response to Long-Term Unemployment:* under the national Programme for Economic and Social Progress (PESP) 12 pilot projects, 4 of which are in rural areas, have been established to administer education, training and social welfare provisions and to create enterprise. Companies have been established in each area and they are supposed to reflect a partnership of local community interests, the social partners (employers, farmers and trade unions) and the state agencies in the local areas. The scheme has little funding other than that provided by the relevant public authorities and other partners for each participating area. As the title indicates, the objective is to re-distribute job chances towards the long-term unemployed and those at risk of becoming unemployed.

**Area-based programmes: some comments**

The plethora of area-based rural development programmes all have laudable objectives and are welcome sources of funding. It is, however, antithetical to the very notion of integrated rural development to have separate programmes for the unemployed, the poor, small business and community enterprises and women. The existence of so many programmes continues to be a reactive response to an EC initiative. There is no coherent policy for Irish rural development (Cummins, 1992), and given this it is not surprising that local development in practice can boil down to a mixed bag of schemes, funds and separately conceived programmes (Cummins, p.19). Many of the programmes are operated through different government departments and state fragmentation in relation to these programmes is immense. Funding is short-term and insecure and there is great scope for overlapping projects and duplication. The need for a co-ordinating body for these
various programmes is clear. The existence of such a body firstly necessitates a worked out plan for rural development in Ireland and a genuine commitment to an area-based approach.

The policies of the 1970s were guided by a commitment to the development of manufacturing industry. This was pursued through a policy which led to the problems already discussed. The current area-based programmes do not emphasise manufacturing industry to the same extent. In fact both the distribution of projects in the pilot IRD programme shown in Table 4, and the financial plan for the LEADER project, show that developments are in the service sector, principally tourism. This reflects the more general growth in the service sector relative to manufacturing. Nor is it surprising, given the short-term nature of funding and of the projects, which is not conducive to the development of manufacturing industries. Identifying and developing local tourist attractions, on the other hand, are activities that can accommodate the duration of area-based programmes. What will happen, however, when the programmes are finished remains unclear. Are these jobs sustainable? Are tourist and heritage initiatives likely to demand other service industries? Heritage investment is favoured for some of the higher regional development fund grants -- up to 50 percent for private investors and 75 percent for public bodies. Yet a recent study showed that while heritage projects have received massive capital investments, the return on investments is very poor (Business and Finance, 1992). The top ten fee-paying centres, all long established, accounted for almost half of all fee-paying entrances last year. What is the future for the more dispersed and smaller tourist initiatives? Will they sustain a supplemental income for rural residents? The availability of funds dissipates rigorous discussion around these issues. There has also been little consideration of the difficulties for local manufacturing industries to develop under the current structure of the programmes.

The pilot IRD programme illustrated the potential for area-based programmes. It mobilised voluntary support and produced sustainable jobs. The means by which this success was achieved needs to be carefully highlighted for subsequent projects. The appointed catalysts co-ordinators were trained at the start of the project and on an ongoing basis. Project groups were in regular contact with each other and the programme was a learning experience. A variety of projects were undertaken in each area, and were concerned with various aspects of community life. The importance of community spirit was identified and the self-selection of areas for area-based programmes was recommended. The programme was carefully planned and evaluated. Yet few of these principles have been adhered to by subsequent programmes. For instance, the LEADER project requires that plans cover a wide geographical area. This has meant the federation of many diverse groups, which have little in common, for the purpose of attracting funding. This does not augur so well given the premium placed on community spirit by the IRD programme.

Despite the frenzied activity in rural Ireland through a variety of programmes, policy objectives for the regions and the rural areas within those regions still need to be developed. Until such time, the success of various projects and enterprises will probably be arbitrary.

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**BIO-SKETCH**

**Sally Shortall** works with the National Economic and Social Council (NESC) in Ireland, which advises Government on policy. She became involved with ARRG while she worked in Montreal between 1990 and 1992. She has studied the involvement of farm wives in farming activities in Ireland and was very interested in the Canadian Farm Women’s Network while in Canada.
Grassroots or Smokestacks:  
The Community-Based Approach to Local Economic Development vs. The Industrial Recruitment Model

Ed Bennett, Milverton-Mornington Development Corporation  
Armas Pukala, Regional Municipality of Haldimand-Norfolk*

"A major part of the challenge of rural restructuring will be to encourage planners, economic development officers and elected municipal officials to ask more structural questions about the economy in relation to their communities and to consider social interventions to change the pathogenic institutional economic practices which threaten the sustainability of their communities."

Session chaired by Wayne Caldwell, University of Guelph

* Paper not available.
closed will not re-open. In the Ottawa-based Informetrica reports 1996 ("Job Figures", August 11, 1992), there is discussion that a long-term 8 percent unemployment rate is now an acceptable figure, with little concern about the implications that a substantial number of Canadians between the ages of 18 and 25 years will not get any work experience. The federal debt has soared from 172 billion dollars in 1984 to 400 billion dollars in 1992. The policy changes in the Canadian tax structure influenced by the Business Council on National Issues (whose directors include the top 150 corporations in Canada) have made it increasingly difficult for the Canadian government and for provincial governments to support capacity building programs and to sustain health and welfare programs. Dobbin (1992) noted that a 1991 Statistics Canada study revealed that of the 400 billion dollar federal deficit, 44 percent was due to tax breaks to corporations, 50 percent went to service the debt and only six percent was attributed to all government spending including military and welfare. In 1987 for example, 93,405 profitable corporations in Canada paid no tax, representing a tax loss of 27 billion dollars. Of these tax free corporations, 57 percent earned more than 25 million dollars in profits.

Some of these tax breaks were spent to attract Smokestacks (in order to create jobs). An analysis of the recently established Toyota Corporation in Cambridge, Ontario revealed a taxpayer cost of $100,000 -- $150,000 per job created (Born, 1992). (This cost did not include the massive expenditures to improve the municipal and area infrastructures in order to accommodate the corporation nor the human and financial costs of adding a greater burden to already overtaxed infrastructure systems.) Born (1992) notes that the comparative cost for each community-based economic development job created in the same community (by the Community Opportunities Development Association) was $5,000.

Some of the above-noted tax breaks were correlated with a reduction in employment. A notable example was the loss of $2.8 billion taxpayer dollars between 1985 and 1989 to the five major chartered banks in Canada (which earned 8.7 billion dollars in profits) and reduced their labour force by 12,000 (Dobbin, 1992).

The social breakdown syndrome and reduced quality of life

We are all aware that up and down business cycles, the flight of capital from our communities, and unemployment have created enormous stress for individuals and their families. At two recent agricultural conferences in Ontario, mental health problems were ranked first and second in a priority-setting exercise. The recent economic changes have taken many people, and many communities, outside of their past experiences and have created a form of a social breakdown syndrome (SBS). This syndrome occurs when people feel they have lost their competence along with their former roles, and have no control over events in their world, and have trouble adapting (Kuypers and Bengtson, 1973; 1983). This becomes a vicious cycle destructive to their mental health and well being. Seidman and Rapkin (1983) offer an excellent review of the literature linking macroeconomic conditions and psychosocial dysfunctions.

Damage to the environment

The relentless pursuit of increasing the Gross National Product (GNP) without concern for the environmental and resource limits to growth have wreaked havoc on the environment. In reflecting on the Earth Summit conference in Rio, David Suzuki (1992) observed that in the 42 days since the conference, some 6,000 species of plants and animals have disappeared forever, 3 billion tons of agricultural topsoil have been lost, over 1.5 million hectares of tropical rainforests destroyed and hundreds of millions of kilograms of toxic pollutants have been added to the planet's air, water and soil . . . and the environment wasn't even on the agenda of the meeting of the Group of Seven (the world's major economic players including Canada).

Western economies are organized to maximize profits and in the shortest time possible and the environmental impacts which may not show up for years are rarely acknowledged. There is daily evidence in Canada
of socioeconomic displacement because of ecological destruction. The East Coast cod collapse in July, 1992, which is projected to displace approximately 19,000 fishcatchers, trawlerworkers and plant workers, mostly Newfoundlanders, is a recent example (Newfoundland Enraged, July 3, 1992).

A major part of the challenge of rural restructuring will be to encourage planners, economic development officers and elected municipal officials to ask more structural questions about the economy in relation to their communities and to consider social interventions to change the pathogenic institutional economic practices which threaten the sustainability of their communities. A starting point is to increase awareness of the dysfunctional attributes of these structural variables and to present some viable alternatives. Community-based economic development which is driven by the community can provide the community with greater job security, enhanced sense of community and mental well-being and can sustain and enhance the environment.

**Community-based economic development**

Community-based economic development is a long-term strategy for local communities to mobilize their resources in order to sustain and enhance their economic and social well-being and achieve political efficacy. It recognizes that communities have many resources which can be controlled and directed for the benefit of the community. It is a process by which community-based groups, the local government, and the private sector enter into new contractual arrangements to retain and to create jobs and to stimulate economic and cultural development activities in a well-defined economic area. The central characteristics are the development of local, physical, human and institutional resources and the retention and creation of jobs. Similar to other forms of community-based development work, the meaningful involvement of the community in its own development is at the heart of the activities.

The transformation of conventional economic development practices to community-based economic development centres on four dimensions as follows:

1. **The Development, Integrity and Well-Being of the Community**

In order to sustain the material needs of the community over time, economic well-being is central to community-based economic development. As well, the social and cultural well-being of the community and the meaningful participation of its members in the local political process are equally important.

Community-based economic development is process-oriented and represents a fundamental transformation in the participants as well as in the activities associated with economic development. The integration of economic and cultural development distinguishes community-based economic development from other forms of economic development. The process consideration, which is common to all community economic development projects, is the central involvement of the community in the assessment of needs and resources and in the local development response. A roots-up approach and the appreciation and the development of local human, physical and institutional capacity are viewed as fundamental.

2. **The Meaning of Work: The Individual and the Community**

Each community must create a vision of what it is and wishes to become. This will include: assessing its needs and resources, examining alternative development strategies and what constitutes an acceptable quality of life, and the meaning of work and its implications for identity and self-esteem.
An interesting Canadian experiment in comprehensive planning for diversification is the Yukon 2000 project (Decter and Kowall, 1989). The nature and the meaning of work is at the heart of this exercise and some balance will be sought between individual rights and communal obligations.

In some traditional cultures in Canada and elsewhere in the world, material needs may mostly be met through non-wage lifestyles and renewable resources. While I am not advocating that Canadian communities return to traditional economic lifestyles, I am suggesting there is need to transform our dominant societal values about work and the economy so that people are more at the centre and where production for the sake of unnecessary growth is reduced. At the same time our thoughts about world development must be reconsidered. Sachs (1992) has written an outstanding series of essays on the archaeology of the development idea which documents the tragic consequences of conventional economic world development practices over the past three decades. The essays challenge us all to rethink the western industrial vision of the new world order and to start envisioning a model based on justice, local control, respect for diversity and the natural ecology. In this regard we have a great deal to learn from the community-based and sustainable aspects of traditional economies.

Writing on the need to transform our dominant societal values, Wachtel (1989) offers an in-depth treatment of the psychological underpinnings of our insatiable desire for growth and suggests that our pursuit of material gains is destroying our whole world and is a desperate and inadequate substitute for the loss of community and personal happiness.

Addressing the small is beautiful economic alternatives, Ross and Usher (1986) and Nicholls and Dyson (1983) provide a meaningful examination of the informal economy -- where people are the bottom line. The informal economy is characteristically based on self-employment in small rural communities. Production is usually undertaken in small units and controlled or owned by the producer (typically a family or kinship system). The informal also includes domestic or household economic activity (food, childcare, clothing, energy, shelter, etc.), neighbourhood or mutual-aid economies (neighbourhood cooperation in the provision of goods and services), small scale enterprises (a wide spectrum of small businesses as opposed to the bureaucracy of large corporations), intentional or counterculture communities which reject mainstream values and emphasize simplicity (examples include traditional agricultural communities such as the Amish and Hut-terites). Flora et al. (1991) describe 103 local development projects and illustrate the range of economic development possibilities.

3. The Limits of Growth, Resources and the Environment

The requirements of an economic system driven by a growth mentality, and the pursuit of profit for its own sake, have been the main causes of the environmental crisis and the crisis of community. The only rational and moral economics are the economics of sustainable development. For the fisheries in Atlantic Canada as for all communities in Canada, the challenge upon us is to rethink the current theories, values and practices before there is nothing left to cultivate and harvest. The problems of the fisheries have arisen because conventional economics is not driven by long-term community-based goals. Economics as if the earth really mattered will be aided by socially conscious investing. Meeker-Lowry (1988) has written an excellent guide for community-based economic development groups and investors, complete with examples, strategies and resource groups.

Included in the re-visioning for sustainable development will be a transformation of expectations and a change in lifestyle. A return to the practices of conservation, household economics, and informed local participation in local economic development is called for. Anything less may not be enough.
4. The Use of Capital for Production and the Health of the Community

Community-based development of any kind is impaired by conventional economic policies which place a higher value on the use of capital for gain than for production and community well-being. The flight of capital from local communities due to global restructuring has withdrawn an essential enabling structure for local economic development. As Blakely (1989) observes, this systematic corporate strategy will lead to a disintegration of local economic independence.

During the past two decades, Canadian-based financial policy has only modestly invested in funding community-based economic development efforts. There is a critical need to create funding arrangements and bank policies which are supportive of Canadian communities and their development. The imbalances of the tax policies discussed above must also be addressed if Canada is to reduce its deficit and have the capital necessary for sustainable development.

In summary, the discussion of the four dimensions central to CBED highlights the systems transformation requirements and the challenges. The efficacy of CBED is well-documented in the literature. Two longstanding noteworthy examples are the Mondragon experiment in Spain and the experience of the Evangeline community in Prince Edward Island. As Whyte and Whyte (1988) observe, Mondragon demonstrates that it is possible to sustain and substantially expand worker co-operatives over a long time period and without losing the democratic structures and processes. The experiment began in 1956 and now includes a vast complex federation of more than 170 co-operatives and more than 2 billion dollars in annual sales. Evangeline is a community of approximately 2,500 residents. Organized through 17 cooperatives, the community has taken control of the local economy. The system has strong cultural and linguistic ties and has created 400 jobs (Gallant, 1987; Pollard, Lemieux and Tasker 1991; Quarter, 1989).

The Milverton-Mornington Economic Development Corporation

The following is an example of a community’s struggle to deal with a plant closure which precipitated an economic and social crisis. It shows the resilience of a community up against the odds and the importance of a mediating structure to community-based revitalization work. The challenges the community faced were made substantially more difficult because of the lack of an infrastructure capacity for community-based economic development and the depth of the current structural economic problems.

On July 4, 1990 the Deilcraft Furniture Factory in Milverton, Ontario closed in bankruptcy. The factory had been the largest employer in the community of 1600 for over 80 years. The closing left 110 unemployed. The ripple effect was felt throughout the community. The workers felt alone with their problems. Many of the workers thought they were never going to work again. No assistance was available to help the community to address the loss of an important community institution.

By September, a community group had formed around the concerns of the workers about the unfairness of the bankruptcy, the loss of employment, the lack of notice, and the loss of their vacation and severance pay. The group was composed of representatives of the local churches, the business association, the village and the township councils, the workers and some concerned residents. We first called ourselves the Milverton-Mornington Business Revitalization Committee (MMBRC). The successor to the MMBRC is the Milverton-Mornington Economic Development Corporation (MMEDC). The priorities of the committee were to revitalize business opportunity in the former plant, where possible with the skills of the displaced workers, and to assist the workers with their grievances. By July of 1991, the community had formed a private corporation with community values to purchase the plant and had attracted a furniture manufacturer. Although the MMBRC had intended to diversify the use of the building and in fact had seven additional tenants on hand, they agreed to the furniture manufacturer’s wishes to lease the entire plant because of the priority concern with the displaced furniture workers. Diversification would have to take place outside the
plant. The community celebrated the purchase of the plant and the rebirth of furniture manufacturing in their community two months later with the Festival of 1,000 Pies. The festival was a great success because hundreds had contributed to it and everyone had a slice of the pie.

With some planning resources from the Ontario Ministry of Labour, the MMBRC conducted a needs and resources assessment. The assessment identified over 100 business opportunities and over 10 million dollars of capital leakage in the 5,000 population area. The MMEDC began to work to reduce some of the capital leakage by strengthening local businesses and initiating and attracting new ones. The community suffered a major setback when the furniture manufacturer began to fall into arrears in his rent and wage payments. In response the corporation sold the building to a local industrialist who is diversifying the development of the plant. In the six months since the sale of the plant and the severed building lot, over $350,000 in property development has occurred, benefiting local contractors and the local tax base. In addition to the above, efforts connected with MMEDC activities during the first 24 months have resulted in six new local full-time jobs, five part-time jobs and an expansion of three part-time jobs to full-time employment. Projections for the spring of 1993 are about 13 to 17 new full-time jobs and some additional part-time jobs. The MMEDC is making a meaningful contribution in the retention and expansion of existing businesses and in helping to facilitate new business and cultural development. Total MMEDC expenditures for their work to date is approximately $80,000.

Conclusion

It has been argued that the global restructuring of the macroeconomy and the chasing of smokestacks have increasingly reduced employment and goods and services options for Canadian communities. This paper calls for consideration of community-based economics as an alternative strategy to the practice of conventional economics. CBED is presented as a grassroots development strategy to reduce the dependence of Canadian rural communities on the macroeconomy and enhance their economic and social well-being. The primary basis on which community-based economics was presented (and must be judged) was the empowerment of individuals and their communities to better meet their economic and social needs and to achieve political efficacy. While there is a growing awareness and involvement in community-based economic development, it has not been meaningfully recognized nor appreciated by Canada’s dominant institutional structures. The legitimization of economics driven by the community’s needs for sustainable development, production and employment is a vitally important community agenda.

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**BIO-SKETCH**

Dr. Ed Bennett is Professor of Psychology and initiator of the Community Psychology Program at Wilfred Laurier University in Waterloo, Ontario. Professor Bennett has been involved in action research and community-based development work for over 20 years. He is a past president of the Canadian Mental Health Association, Ontario division, the co-founder and former editor of the Canadian Journal of Community Mental Health, and the facilitator of numerous community-based development projects including the Milverton-Mornington Economic Development Corporation and MilMor Developments Inc. His most recent book is titled *Social Intervention: Theory and Practice*. 

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AGRICULTURAL AND RURAL RESTRUCTURING GROUP

THE FUTURE OF UCO IN RURAL ONTARIO

Reginald J. Cressman, United Cooperatives of Ontario

During this century, Ontario farm leaders have been called on three times to build new co-operative enterprises to help farmers and rural communities compete in the agricultural market place.

A. The process began in 1914, with the formation of the United Farmers Co-operative Company, its mandate "To make possible better business for the members and thus better living conditions."

B. In 1948, 150 independent agricultural co-ops, recognizing the need to support a growing market and the need to achieve further economies of scale, formed United Co-operatives of Ontario (UCO) to be a second tier co-operative providing wholesale services to the primary co-op system.

C. In the 1960's, responding to technological and market changes, 75 primary retail co-operatives merged with UCO and UC became both a wholesaler and a retailer. The benefits were twofold: retail co-op enterprises were preserved in many rural communities, and

the wholesale purchasing power of the system was preserved.

Thirty years later, leaders of the agricultural co-operative movement have again recognized strong signals demanding another structural and operational adjustment of the co-op system. The process of renewal has begun and is focusing on the preservation of community based co-operatives addressing needs of the next generation of members, not on the protection of institutions, co-operatives are living people and processes, not objects. And so, UCO will become what Ontario agricultural communities enable it to be.

BIO-SKETCH

Reginald J. Cressman is Vice President, Corporate Services, and Corporate Secretary of United Co-operatives of Ontario (UCO), a major Ontario agri-business with sales last year of over $500 million. In this position, Reg, an officer of the Co-op, has responsibilities for public and member relations, corporate communications, training and development, government affairs, personnel and payroll.

Reg is chairman of the provincial steering committee for Co-operative Restructuring in Ontario (CRO). The CRO program is an aggressive plan of UCO and its member Co-operatives to make agricultural co-operatives viable through creating larger member co-operatives able to take advantage of least-cost distribution and reduced overhead.

Reg holds a B.A., M.A. and Ph.D. from the University of Waterloo, specializing in the areas of biopsychology and learning theory. Reg and his wife Katherine reside on their farm in Waterloo County where they grow cereal grains and corn and raise Belgian horses.
THEATRE PERFORMANCE
SPIRIT OF SHIVAREE
A SUMMARY OF HOW THE PLAY BEGAN

COMMUNITY THEATRE SPARKS SPIRIT IN RURAL TOWNSHIP

by Dale Colleen Hamilton

If, by chance, you’d been strolling along the old Valley Road (in Eramosa Township, rural southern Ontario) this past summer, you would have wondered what in the world was going on in the ruins of the old mill. You would have seen the limestone walls alight, as if on fire, and heard the sound of excited voices and live music echoing along the cedar-lined river valley. You might have observed a man in 19th-century attire calling down from the cliff, alerting those below that the rebellion of 1837 was about to begin, or you might have glimpsed a 60-foot puppet or a human-powered locomotive.

Had you gone closer to investigate, you would have discovered hundreds of people gathered in and around the ruins of the Harris Woollen Mill, and you would then have realized you’d stumbled upon a play in progress. You would have been witnessing no ordinary amateur effort by a local Little Theatre group, but rather a rural community acting out its own story, a community struggling for survival in the urban shadow of Toronto. You would have been witnessing The Spirit of Shivaree.

What made Shivaree unique was not only its unusual venue (the Harris Mill is like a Greek ruins in the middle of southern Ontario) but also the way in which it was staged. The performance was promenade style, drawing on traditions dating back to ancient mystery cycle and passion plays. The audience is, by and large, on its feet, promenading from stage to stage. The action takes place around and amongst them, with no clear delineation between audience members and performers.

The seeds for the project were planted back in 1986, when I came home to Eramosa after a long absence. I soon realized that the rural community where I’d been born and raised, and for which I cared deeply, was in very real danger; that the community extended-family spirit, as well as its rural identity and environmental integrity, were all being threatened by urban-style housing developments. The townships population grew 37 percent in a single year. A sense of shock had settled across the countryside. It seemed to me that there was an obvious lack of long term planning and I was disturbed by the fact that neighbours didn’t seem to be talking much to each other.

My family roots go back six generations in Eramosa Township. So the stakes got higher when I discovered there was a proposal in the works to turn my family’s original farm (including productive agricultural land) into rows of rural estate housing aimed at commuting urban executives. Being a playwright by trade and by inclination, I felt I had no choice but to write a piece of theatre about the dilemma. It was then that I ran across the work of England’s Colway Theatre Trust.

Colway Theatre Trust, since their inception a decade ago, has developed a very particular approach to community theatre which has caught on like wildfire in England. They have successfully co-produced, in conjunction with various rural communities, over 20 such epic endeavors, to wide critical acclaim. The British press has called their work the most exciting new development in British Theatre.
Like many good things, Colway began by accident. Well-known British playwright Anne Jellicoe, disillusioned with the London theatre scene, moved to a small village in Dorset. She felt very strongly that theatre had gotten off track, catering to a relatively small number of professional theatre goers. She was asked to write a play for the school children in her new home in Dorset and, before she knew it, the whole village was involved. She brought professional theatre friends out from London to help guide the project.

The results, not only the finished product but also the process, were so overwhelmingly successful that she was besieged with requests from other communities. What she had hit upon was an effective balance between amateur and professional input, and an opportunity to bring the arts back into the community in a very tangible way. She also discovered, quite by accident, that when so-called amateurs are challenged to go beyond what they think is their very best, the boundaries between amateur and professional begin to grow hazy.

I received an Ontario Arts Council grant to study with Colway and came home convinced that their tried-and-true method was an incredibly valuable tool that could be transported and adapted almost anywhere and, after gaining initial support from my community, I invited Colway to become involved.

The Eramosa project was Colway’s first North American co-production. Artistic director Jon Oram acted as consultant from afar, and after several visits to Eramosa took up temporary residence to direct The Spirit of Shivaree.

Provincial, federal and private funding sources responded to the idea with almost as much enthusiasm as the Eramosa community. Over 100,000 dollars were raised, a good portion of that through community fundraising efforts such as an auction sale and dance, which netted over $7,000 in one evening.

A volunteer steering committee comprised of local movers and shakers worked for over two years to get the project on its feet. Script development and theatre skills workshops were held, allowing the community ample opportunity for input and involvement. By opening night, close to a thousand people had been involved in some way. The cast alone totalled 130. Original estimates put the cast numbers at about 80; however, because Colway’s approach involves non-competitive casting, everyone who turned out for casting was given a part. This involved some substantial last minute re-writes for the playwright.

Also, whenever possible, ancestral casting was undertaken. In other words, direct descendants of the historical characters were cast in the roles of their ancestors. The script, fusing historical events with contemporary issues, placed historical emphasis on the dramatic arrest of the Eramosa Rebels during the Rebellion of 1837 (The Farmers Revolt). The best example of ancestral casting was the case of Eramosa resident Richard Lay, who performed the role of his great great grandfather, William Lyon MacKenzie, the leader of the rebellion. The result was electrifying, as Richard Lay spoke the actual words of his famous ancestor.

This approach to casting is in itself indicative of an underlying philosophy: that the process is as important as the finished product and that building individual and community spirit is the ultimate goal.

In order to ensure a high-quality production, and in order to stretch people beyond the self-imposed limits of their own talents, a professional core (including playwright, director and designers) is hired. From here, the gentle art of delegation is practised, with theatre professionals activating teams of local residents. In the process, neighbours inevitably get to know one another. The intensity and excitement of theatre, especially on this scale, draws people together in a way that has lasting influence. Close friendships are established, an essential first step in community building.

The production (and the process) attracted national media attention and will be the subject of an upcoming video documentary. Every performance was sold out, with long waiting lists for tickets.
But it is perhaps in the aftermath of the play that the real success story lies. The Spirit of Shivaree has fostered a permanent theatre group (The Eramosa Community Players) plus an active writers group, a community choir (The Shivaree Singers), a touring version of Shivaree, a quilting project, and a citizen action group called Eramosa Sounding which is monitoring and influencing planning decisions in the township. The work of Sounding has attracted the interest of other communities who see it as a model for public participation and innovative approaches to rural land use.

The play project itself has attracted unsolicited interest from across Canada. To date, twelve other communities in Ontario, Saskatchewan, British Columbia and the Yukon have expressed interest in undertaking similar projects. Since the Eramosa project, Jon Oram has completed a community play project in Minnesota, U.S.A. Jon has just been awarded a grant, through Canada Council for the Arts and External Affairs, to travel across Canada visiting the various communities in the early stages of undertaking their own Colway-style community plays.

It now seems apparent that a snowballing effect is taking place in North America, just as it did in England. The degree of interest in this movement seems to indicate that orthodox professional theatre has left a void needing to be filled. Community plays such as Shivaree offer the possibility of fulfilling the needs of individuals looking to expand their own communication skills and self esteem. It can also fill the void created by declining community identity and spirit. It offers both personal and community regeneration; perhaps this is why so many are drawn to its creative potential.
Entrepreneurial Success Stories in Rural-Based Food Processing

In most parts of rural Canada, agriculture is the backbone of the economy. As a result, a valuable component to considering the "challenges for Rural Manufacturing and Tradeable Services" was to highlight some of the successes of the agri-food industry. The session on entrepreneurial success stories focused on the stories of three successful Canadian agri-businesses:

Cold Springs Farm -- a turkey and hog operation that is vertically integrated from hatchery to processing and that has grown from a small 100-acre farm in the 1940s to an internationally competitive company and a rural-based employer of over 500 people.

Hillebrand Estates Winery -- a Niagara region winery that has become Canada’s fastest growing winery and is also actively aiming to be the best.

Indian Agricultural Program -- a program that was set up to help finance native farmers and that has developed niche markets for products such as evening primrose oil and corn chips.

Chaired by Ken Donnelly, Labour Market Services, Employment and Immigration Canada, Ottawa, Ontario
HILLEBRAND ESTATES WINERY

Glenn Hunt

1992 is the tenth anniversary of Hillebrand Estates Winery. In the first year of operation the winery produced 6,000 cases. In 1992 production will be 270,000 cases. Hillebrand has been the fastest growing winery in the country over the past ten years.

The Hillebrand philosophy is Quality is the Key. The adherence to this philosophy is reflected in the strategy which Hillebrand has developed and will continue to build on. The key elements are:

• A close relationship with the key growers of vitis vinifera grapes.

• A co-operative effort with the growers in improving vineyards, techniques, and quality standards. Hillebrand is the only winery in Canada employing a full-time viticulturalist.

• VQA (Vintners Quality Alliance) is the body that has developed and controls precise quality standards. VQA designated wines are acknowledged as the highest quality wines in the industry.

• Hillebrand produces and sells over 50 percent of all VQA wines in Canada.

• The Hillebrand winemaking and production facilities use state-of-the-art equipment and Hillebrand is one of the most up-to-date and modern wineries in the world.

• The two winemakers have been trained internationally and are graduates of winemaking schools in Bordeaux and Montpellier in France. They have worked in German and Californian wineries and are involved in crosstraining with our three sister wine companies in Europe.

• Hillebrand is a totally vertically integrated company which is involved in:
  » its own vineyards (35 acres)
  » buying from growers
  » winemaking
  » production
  » warehousing
  » distribution
  » retailing
  » sales to liquor boards in Canada
  » export

• The winery operates 45 retail wine shops in Ontario which represent 60 percent of sales.

• Sales to liquor boards represent 35 percent of the total, with the maximum to LCBO.

• Export sales are approximately 5 percent.

• Hillebrand is also Canada’s most award-winning winery, having captured numerous gold medals in national and international competitions.

• In 1989, 14 percent of sales were varietal (VQA) wines. In 1992, 35 percent of sales will be varietal wines.
• Growth has been primarily oriented around mid to upper end-of-the-market varietal wines.

The new Hillebrand wine shops of the past two years have been designed to reflect an up-market image. As well, over the past two years wine shops have been integrated into three delicatessens in London, downtown Toronto, and north Toronto, as well as three shops in Loblaws supermarkets. The purpose in integrating into food stores is to marry the merchandising of food and wine.

In addition to placing strong emphasis on quality, Hillebrand is highly customer-service oriented. Employees receive extensive training in product knowledge and basic sales techniques. As many customers know little about wine, its characteristics and ideal use (i.e., food and wine marriage), product knowledge is critical for staff. We are making a significant investment in the training of our people. As well, we promote the team approach.

The front line people in our shops are Hillebrand and provide the customer with his/her first impression of our operation. As well, in the 1992 tourist season over 100,000 people visited the winery for tours and tastings.

During the past two years the Hillebrand strategy has essentially been two-fold:

1. Maximize penetration via Hillebrand owned and operated wine shops.
2. Introduce new up-market (VQA) varietal wines into the LCBO.

The plans for the next year are to continue with the current strategy and also to extend penetration in top hotel and restaurant accounts and develop export market opportunities.

On the export side, Hillebrand is currently selling wines to:

» Japan
» England
» United States (New York State/Florida)
» Austria
» Barbados
» Switzerland
» Russia

The success in export is primarily attributable to the acceptability of our wines by key buyers in the markets. In blind tastings our wines have compared very favourably to equivalent wines from France, Germany, Australia, and California. Finally, Hillebrand does not aim to be the biggest winery in Canada. Only the best.
THE INDIAN AGRICULTURAL PROGRAM OF ONTARIO

Wayne Martin, Program Manager

The Indian Agricultural Program of Ontario (I.A.P.O.) is a non-profit Ontario corporation. I.A.P.O. is owned by Status Indian farmers in Ontario. The Board of Directors, who are Status Indian farmers, represent various farming districts across Ontario.

Three broad services are offered to Status Indians in Ontario through the Indian Agricultural Program of Ontario. They are:

1. Direct Loan and Loan Guarantee Program
2. Agricultural Extension and Advisory Services
3. Crop Development and Research

The Direct Loan and Loan Guarantee Programs were the original purpose of I.A.P.O. Because of the Federal Indian Act, Indian farmers on reserves are not eligible for the regular farm lending programs through the Farm Credit Corporation, chartered banks and credit unions. Term loans and loan guarantees for operating credit are provided for the normal farm purposes.

Agricultural Extension and Advisory Services -- through staff of I.A.P.O., direct advisory services are available in farm financial management, livestock production, field crop and horticultural crop production, and general agricultural development. Services for Indian farmers are accessed through staff of the Ontario Ministry of Agriculture and Food as well.

An Indian 4-H Program, again in cooperation with the Ontario Ministry of Agriculture and Food, has been developed for on-reserve situations. In addition, a home economist is available to train leaders and conduct a limited number of courses and workshops in areas of nutrition, cooking, sewing, personal development and home financial management.

Crop Development and Research -- this area of work, and the one under which our Arrowheads White Corn Chips fall, was developed to provide alternative farm income sources for Indian farmers. This idea is not unique, as people throughout the world are looking for alternative income sources. To date we have commercialized two crops, those being the Evening Primrose crop and the White Flint Corn crop.

Under the crop development and research, I.A.P.O. is involved in the development and improvement of the crops, the contracting of acreage to Indian farmers, and the processing and marketing of finished products.

The Evening Primrose crop has been under development for five years with farmers growing commercial acreage to I.A.P.O. for four of those years. The White Flint Flour Corn has been under development for three years with commercial acreage for the past two years.

With the interest in developing alternative income sources for the farmers, it was imperative that a marketing plan go hand in hand. The uniqueness of the Arrowheads White Flint Flour Corn Chips lies in the fact that corn is a crop native to North America; the White Flint Flour Corn has traditionally been used by native people for products such as corn soup and corn flour and, in fact, many additional products, and this White Flint Flour Corn is grown in Ontario only by Indian farmers. With the uniqueness of the White Flint Flour Corn, the market alternatives had to be developed.

This White Indian Flint Flour Corn is unique not only from its historical standpoint but also in terms of its composition. The kernels are a white flint flouary kernel as opposed to what we are more commonly used to seeing in the yellow dent kernels. The flouary endosperm of the kernel is a unique corn, and also adds a different flavour to the corn chip. It is through this uniqueness that the Arrowheads Corn Chips are being marketed.
The White Flint Corn has not been grown commercially in Ontario. It has been passed from family to family and neighbour to neighbour by Indian farmers and gardeners. As such there is a wide variability in the corn and a breeding program has been developed. The emphasis in the breeding program is not to change these unique kernel characteristics but to improve the physical plant. Two of our main problems at the moment are a very weak stalk and an ear that does not tip. These two characteristics do present harvest problems. Working with Agriculture Canada and the National Research Council, we hope that improvements can be made so that farmers will have more certainty as to the yield and quality at harvest time each year.

The volume of corn chips being produced and to be produced in the near future does not warrant a processing line. The Arrowheads White Corn Chips are processed and packaged through an existing Ontario corn chip manufacturer. This is ideal for us at the present time with current volume of production.

The emphasis on Arrowheads White Corn Chips has been in the natural flavour. The future will determine how long we can avoid marketing chips with flavours. I have used the word "avoid" as we feel the uniqueness of our product is in its natural and distinctive flavour. Reality, however, indicates to us that volume sales centre around highly flavoured chips. Our market response is largely from people who prefer the natural and unique taste.

The balancing act then becomes whether we can find enough niche markets with sufficient volume to continue with the natural flavour or whether we have to succumb to large volume sales through the introduction of flavoured chips. A third alternative is to promote the sale with the use of salsas. These will be some of the challenges for us over the next few months.

One fortunate feature we have with our Arrowheads White Corn Chips is in the packaging. We were fortunate to be able to work with a local graphic artist, Jack McMaster, Mobil Chemical Canada Limited in Belleville, and the converter company, Filipac, to achieve an award-winning label. The Arrowheads White Corn Chip packaging won a Golden Mummy Award at the Snaxpo ’92, this year’s convention of the snack food association in San Francisco. The combination of superior barrier protection, excellent machinability, and beautiful imaging characteristics led to the Golden Mummy Award. We feel that the combination of a unique product with a unique taste and an award winning package will contribute to the future success of this product.

As stated earlier, the original intent in developing the Arrowheads White Corn Chip was to obtain a new market and additional source of income for Indian farmers across Ontario. The major goal from now on will be to develop and expand the market for this White Flint Corn so that not only will existing farmers benefit, but also future farmers. Additional products are on the drawing board but the development of a distribution and marketing system will have to expand first.

We feel that the title of this conference, "Stimulating Rural Economies for the 2000s: The Challenge For Rural Manufacturing and Tradeable Services," fits the goals of the Indian Agricultural Program of Ontario. The Indian Agricultural Program of Ontario and Indian farmers are attempting to use new crops and to market products that will increase the level of agriculture and farm income on First Nation Territories across Ontario.
Case Study: Arrowheads Corn Chips

Mobil Film Features

North American Operations
Mobil Chemical Company Films Division

Spring 1992

Volume 13

Colorful Dual-film OPP Packaging Earns Golden Mummy For Canada's Flavorful New Arrowheads White Corn Chips

Arrowheads, a delicious new “nutty-tasting” white corn chip, are now being marketed in substantial quantities by the Indian Agricultural Program of Ontario (IAPPO), Canada. To safeguard the unique flavor and high moisture of their new product, IAPPO turned to Mobil Chemical Canada, Ltd., for an equally innovative packaging solution.

Out of a dialogue between IAPPO horticulturist John Baker and Mobil’s Michael Olejnik, product manager/coated films, came a specially designed packaging structure consisting of Mobil’s AHB laminated with PROCOR™ 75 AB-X. That combination of superior barrier protection, excellent machinability and beautiful imaging characteristics has already begun to draw international attention. Arrowheads White Corn Chips and their bright Indian-motif graphics earned a prestigious Mobil Chemical Golden Mummy Award at SNAPO ’92, this year’s convention of the Snack Food Association in San Francisco. Sharing the award was IAPPO’s converter, Fligac Inc., at Terrebonne, Quebec, Canada.

Packaging A Historic Product

In configuring a film structure appropriate for the new package, Olejnik and Baker began with the fact that Arrowheads Corn Chips were unlike almost all other corn products made in North America. Made from historic Flint corn—a variety grown by Native American Indians—the product had a richer, more distinctive flavor than that usually found in other corn products which are typically made from Dent corn. The challenge was to effectively package and preserve the distinctive flavor and texture qualities of the Flint corn chip, involving a soft starch with a very high moisture content.

Mobil answered the challenge with a combination of two coated OPP films: AHB, flexographically reverse-printed and extrusion laminated with polyethylene to PROCOR 75 AB-X. “A wide range of factors drove our decision to utilize the particular laminate,” says Baker. “We wanted packaging that combined product freshness with strong visual appeal—and Mobil made it a reality.”

The AHB is coated on one side with a high barrier PVAC and on the other with an acrylic. The coextruded PROCOR AB-X has a heat-sealable acrylic coating on both sides for superior seal strength and hot tack. “The resulting laminate provides IAPPO with superior two-way barrier protection,” adds Olejnik, “simultaneously guarding the ‘just-made’ taste of their corn chips while warding off any offensive aromas or flavors during the distribution cycle.”

The new film also offers excellent machinability, together with a bright sheen and sparkle, which strongly enhance the colorful Native American package graphics by designer Jack McMastler of Deseronto, Ontario.

A Collaborative Effort

The introduction of Arrowheads White Corn Chips typifies the fast pace and cooperative nature of many of today’s snack

(Continued on back page)

University of OPP Marks Its Sixth Year
With Recognition of 2000th Graduate

90
Community Success Stories in
Rural Manufacturing and Services

At the ARRG Rural Economic Conference in Camrose, Alberta in October 1991, Lavern Sorgaard, a community councilor from Grand Prairie, Alberta, summarized the conference by noting that "Development must be community based." In planning the 1992 ARRG conference, a session was dedicated to profiling some cases in which rural Canadian communities have pursued community-based development -- rural community success stories. We were surprised and pleased to find that there were many such cases to choose from, but eventually four contrasting examples were selected:

Cumberland County, Nova Scotia -- an East-coast county with a mixed economic-base and high unemployment rate that is beating the odds and pursuing the "rocky road to success" through a participatory, partnership approach to community development.

Kapuskasing, Ontario -- a forestry-dependent community in Northern Ontario that survived the potentially devastating blow of the community's plant closure by pulling the community together, organizing an employee buyout and deciding to "shape their own destiny."

Temagami, Ontario -- an area troubled by plant closures and frustrated by unresolved native land claims and an environmental struggle to preserve old-growth forests. It is re-structuring for success through an integrated approach to resource planning and a commitment to conflict resolution.

Winkler, Manitoba -- a former agricultural service centre that has trebled in population size since the late 1960s in response to a successful local drive to secure new industry and more employment opportunities for young people.

Chaired by Dr. Harold Baker, Head, Department of Extension Studies
University of Saskatchewan, Saskatoon
A Winning Partnership

Human Development  
Political Will  
Agriculture  
Health  
Independent Business  
Community Based Planning  
Labour  
Resource Planning  
Bureaucratic Support  
Social Planning  
Political Will  
Development Commission  
Openness in Education  
Large Business Corporations  
Youth Involved  
Recreational Planning  
Service Groups and Organizations  
Seniors Involved  
Culture  

Wealth, sustainability and re-generation
CUMBERLAND COUNTY, NOVA SCOTIA

Wm. Finley Punnett, HRD Consultant, Cumberland Development Authority

The ARRG brochure cover page speaks of "a particular commitment to improvements in the economic and social conditions of rural people." Let's look at some examples of Cumberland's approach, bearing in mind that it's a rocky road to success and we've certainly tripped on the rocks... but we keep going!

Improvements in the economic realm

The Anne Murray Centre:
- fosters two new restaurants to handle the thousands of new visitors
- a new 48-unit motel is being entertained
- the spin-off dollars/prosperity fostered two other new businesses and a new modern grocery store

Harnessing the Geothermal Resource:
- use water from the mines to heat
- hire a Geothermal Co-ordinator
- host a Geothermal Conference
- market the cost savings to new companies

Nurture the Parrsboro Fossil Museum
- assist the community ownership process
- site purchased
- funding committed
- expectations high ... Drumheller

Port Greville Ship Building Museum
- 700 sailing ships built
- community re-birth through their history

Fundy Trail
- co-ordinate N.B., Maine, N.S. to establish tourism loop
- eco-tourism
- additional fossil centre

IMP Aerospace
- danger of losing 250 jobs in the aircraft industry is assisted to turn it around and build a new 10 million dollar plant

Aerovox Closure
- the community "HIT SQUAD" assembles again, levers resources to search for a replacement
- announcement likely in November/December for a replacement with double the workforce requirement

Leaf Confections Ltd. Closure
- the same committee identifies another business to bid on the plant
- arranges government support
- RAM Batteries to open and workforce of 32 replaced by workforce of 100 in spring '93
If time permitted, I could go on ... but I turn to the ARRG social focus for improvements:

» hosting 60 students from 15 countries at the International Youth Pugwash Conference
» continued development of the Pugwash Institute for Responsible Citizenship, building on Eaton/Russel/Einstein
» all 7 towns/villages to have a volunteer and progress celebration day
» One County, One World, maritime studies curriculum supplement launch with 250 guests and 50 featured entrepreneurs to personally testify to success
» including our "I Want to be a Millionaire" youth in the Small Business Week luncheon as sponsored special guests (programs in B.C., Alberta, P.E.I.)
» a motoring flotilla to celebrate the paving of 18 miles to prosperity that completes the N.B., N.S. and Maine Fundy Trail around the Bay of Fundy
» a community of less than 250 who are told you can have a real hospital if you raise 250,000 dollars and they do it in 6 months
» getting 10 very successful alumni back to their school in a village of less than 300 to inspire the kids
» hosting all the national Stay In School co-ordinators from each province's regional CEIC offices in order to, in the Deputy Minister's words, celebrate and share one of Canada's most exemplary projects with the rest of the nation.

To put this in further context, it is important to know that Cumberland County has:

- 35,000 people
- a mixed forestry/farming/industrial and fishing economy
- high unemployment
- 8 towns and villages from 200 to 8500 in population
- a distinct isolation mentality due to its distance from Halifax
- a land mass the size of PEI
- and a high rate of illiteracy

However, the progress made was possible because a small core of committed residents decided they were going to turn things around. To accomplish the examples I cited ... and more, ... this group has levered over 25 million dollars in private and public investment in 6 years.

The key lesson learned to this point has become very obvious and continuously rears its head to remind us of the fundamental building blocks in the process:

1) Build relationships first -- sustainable community and wealth re-generation
2) Share the responsibility with your partners -- TRUST
3) Let both brains and guts be your guide to action
4) Target long-range security; ... not short-term reactions
5) Share your success

Let me wrap this up with the bottom line. "This country can no longer sit on a two-legged stool. Business and government (ACOA, CEIC/CFC, Department of Development, ISTC -- Entrepreneurship Branch, Secretary of State, FBDB) to their credit have found out this is no longer acceptable. The third and "stabilizing" leg is "community development".

"COMMUNITIES" are now an equal partner in the new "organic age" of globalism and empowerment!

I thank you all from wherever you've come, for helping to perpetuate this new participatory paradigm!
KAPUSKASING, ONTARIO
THE TOWN THAT WOULDN'T DIE

Emile Touchette

Communities facing closures are fast becoming a majority in the industrialized world, and it seems every municipality must face the reality and sometimes face it alone. Kapuskasing is not the first and certainly not the last to make the necessary adjustments, although in single industry towns what may seem to be a setback in a major centre is a catastrophe for the whole region and way of life.

Let's go back to 1990. Kimberly Clark and the New York Times, the owners of Spruce Falls Pulp and Paper Co. Ltd., announced their intentions of getting out of the newsprint mill in Kapuskasing by selling their property. Few people believed their cries of economic woes, old antiquated machines, outdated work practices, etc. The reaction was "The contracts are due, they (the company) are crying wolf again." After all, Uncle Spruce had always provided and would again. We all ignored the signs:

- no investment money for the past ten years;
- the closure of the kleenex plant (200 jobs); and
- the closure of the sawmill (150 jobs).

In June 1990, the company announced it had reached a tentative sales agreement with Kruger Inc. of Montreal, Quebec. A collective sigh of relief was heard. We were going to be OKAY. In September 1990, the Kruger deal falls apart. The unions are threatening strike action because of the slow progress of negotiations. Rumbles are heard in the community but local tradition has it that the contracts are always settled at the last minute.

In the late fall, the company president sends a video to all employees announcing his intention to downsize the mill to 250 employees from 1,400, by April 1, 1991. The reaction is mixed but getting stronger. In late December the I.W.A. proposes an employee buyout of the plant. This is the idea that pulled the community together.

Here is a video of what actions were taken. The video was used for political lobbying at Queen's Park and individual ministers.

The communities of the district banded together to organize various types of lobbies, including meeting with all the ministers involved. By mid-June all the pieces seemed to be in place. By June 30, the deal had fallen apart. "What a roller coaster ride!"

Fortunately, by this time a whole group of leaders had developed into a solid grassroots organization. On July 1, Canada Day, this group met: union leaders, council members, business leaders, former members of provincial parliament, Chamber of Commerce, economic development officers and community activists. The whole region from Opatatika to Smooth Rock Falls was represented.

Two organizations were put together to pull this deal out of the ashes, Friends of Kapuskasing et Ses Ami(e)s and The Kap Team. The "Friends of Kapuskasing et Ses Ami(e)s" became the strongest grassroots movement we had ever seen. Under their direction the population of Kapuskasing and the surrounding communities continuously faxed government officials (especially Premier Rae, Treasurer Floyd Laughren and Northern Development and Mines Minister Shelley Martel) -- all MPPs were contacted. Also faxed were all the television and radio stations across Ontario as well as all daily and weekly papers in the province (in order to sensitize them to our plight and help build a groundswell of support for our cause). Friends of Kap...
organized a letter writing campaign from the community and schools and as I am sure you saw on the news also organized a campout on the lawn of the legislature.

The second group was The Kap Team. Five members representing business, labour and municipalities with the direction of former mayor and former MPP Rene Piche, started an intensive series of meetings with company owners, potential partners (Tembec Inc.), the Peg Group and unions, including trips to Moosonee to meet with native leaders. This culminated with a meeting with Premier Bob Rae on July 15, 1991.

Premier Rae and his colleagues had during that time met with similar groups and were ready to enter negotiations. Because of all the sensitive issues there needed to be a central negotiator to bring all the parties together. Premier Rae at that meeting offered to be that person and along with his cabinet to try to resolve the issue. By the end of August a tentative agreement was reached.

The reality was cuts in pay, and cuts in benefits in exchange for a profit-sharing plan (and a say in our own destiny). The employees and community had to come up with 12.5 million dollars.

Because of the rules of the Ontario Securities Commission we were left with only two weeks to collect the money. It was time to rally the community once more. The employees and the community raised over $16 million dollars!

While we were successful in our employee buyout of the Company, we don’t ever want to be put on the treadmill again. In order to avoid this type of brinksmanship, the community formed the 6/70 Economic Development Office not only to form a long-term strategy aimed at securing our main industry but also to diversify our future.

Each community has its own development plans being drafted. The community groups are asking for ideas and input from the whole population. The key is to have all the groups together to change

1) ourselves to see our destiny and mold it;
2) the one-industry town into a growing and diversified economy.

I feel we are moving in the right direction. Taxpayers’ money from the federal and provincial governments is at an all-time low. The solutions must come from the grassroots. One of our local restaurants in Kapuskasing has this printed on all their coffee mugs, which says it all, I believe:

"THE SPIRIT IS STRONG IN KAPUSKASING, NOW TOGETHER, WE CAN SHAPE OUR DES-

TINY."
STIRRINGS OF CHANGE: INSTITUTIONAL EXPERIMENTS IN THE TEMAGAMI AREA

Heather Ross

SUMMARY

The Temagami area of northeastern Ontario suffered two quick and devastating economic blows in the mid-1980s. The local iron ore mine and the local sawmill closed, throwing much of the community onto the dole. These job losses coupled with the frustration generated by the long-unresolved land claim and a major environmental struggle to preserve old-growth white and red pine led to a series of road blocks and frightening intimations of violence. Time, government employment and the signing of the Memorandum of Understanding in which Ontario agreed to negotiate a land settlement with the Teme-Augama Anishnabai has allowed tempers to cool and clearer thinking to prevail.

There are three initiatives in the Temagami area which may be indicative of the future of this area, and possibly of other northern regions. The n'Daki Menan Model Forest was a proposal spearheaded by the Teme-Augama Anishnabai in response to a call for tenders by Forestry Canada. While the proposal was not accepted, the process of developing the proposal and the economic vision it embodied is indicative of the strategies being discussed in the Temagami area. The proposal was developed by a committee composed of such diverse interests that some had been literally threatening violence to each other only a few years earlier. The committee was able to work together both because tempers have cooled and because all could agree that the interests of the Teme-Augama Anishnabai really were the good of the land and the future of the area. No single interest group could have pulled this committee together. The project itself was oriented toward developing local forest management strategies based on local knowledge, on integrated resource management, sustainable forestry and multiple uses with the economic preference for value-added activities.

Many of these features are reflected in the Elk Lake Community Forest Pilot Project. This is one of four pilot projects mounted by the Ontario Ministry of Natural Resources. The project is in its initial stages. A partnership of 12 including interest groups and local governments is developing a set of goals and objectives which include sustainable forestry, local decision-making based in part on local knowledge, integrated resource management and an economic strategy which emphasizes valued-added activities and ecotourism as well as the maintenance of current industries.

The most developed initiative is the Wendaban Stewardship Authority, a body granted decision-making powers over the lands and the management of four townships. This is a joint Ontario-Teme-Augama Anishnabai body of 12 members which was established in May 1991. The Authority is developing a forest stewardship plan based on the concepts of sustainable development and sustained life. The greatest success of the Wendaban Stewardship Authority to date is the clear demonstration of the effectiveness and viability of local residents as decision-makers. The two parties are able to reach consensus decisions based on the best interests of the land and of future generations. It is a fine example of people "doing it for themselves."

Overview

Introduction

A short five hours north of the Golden Horseshoe, centred on Lake Temagami, is an area of Ontario hinterland, known, loved and fought over. For many Temagami is wilderness, the natural world on the doorstep of industry. Temagami is also representative of the boom and bust economy of northern Ontario and the current struggle for environmental protection and First Nation land rights.
Temagami is a transition zone between the St. Lawrence forest and the boreal forest. It is one of the last regions where the great white and red pine forests still stand and it is likewise an area of jackpine sand flats. Waters flow south through Lake Nipissing to the Great Lakes and through the Montreal River to the Ottawa and on to the St. Lawrence. It is an area of great diversity and great fragility.

As throughout the Ontario hinterland, the resource base of Temagami is minerals, trees and tourists -- all resources subject to fluctuation, to boom and bust, to development from the outside and to resource mismanagement. Outmigration, an aging population, unemployment and seasonal employment are features of the Temagami economy. It is the social and economic history of Temagami, rooted in its resource base, that has led to the present situation where change seems possible, perhaps even desirable.

A brief settler history of Temagami

At the turn of the century, Ontario declared the Temagami forest a provincial forest. It did this to protect the last stands of old white and red pine from fire and from preservation, to ensure that this source of timber would indeed keep alive sawmilling. With the coming of the railroad and of the Ferguson highway the area was opened to loggers, prospectors and adventurers. Sawmills, boys' camps, and small mines opened, cottages and tourist camps were built. By 1975 the township of Temagami was flourishing with a fine tax base from an iron mine (Doafasco) and a sawmill (Milne's) dependent upon red and white pine. Cottagers, fishermen and canoeists ensured a flow of tourist dollars into the local economy. Little more than a decade later, the township of Temagami had no grocery store. The mine closed on schedule, as it claimed it would when it opened. The mill closed, the once vast pine forests having been depleted. Tourism and the MNR remained as the economic base.

A brief Teme-Augama Anishnabai history of Temagami

The earliest indication of habitation is over 6,000 years old. Artifacts from the area have been found in grave sites in Ohio, testifying to a long history of trade. The Teme-Augama Anishnabai first appear in the historic record in the 1640s when French fur traders ventured up the Ottawa River to Lake Temiskaming. By the late 1800s the Teme-Augama Anishnabai were not only trading furs but also active and dominant in a very new tourist trade. Adventurous Americans would be guided throughout the area by the Teme-Augama Anishnabai. It is a wonderful area for canoeing and soon those Americans started the boys' camp on the lake, soon followed by cottages and tourist lodges. At the turn of the century much of the tourist trade was in the hands of the Teme-Augama Anishnabai.

As the tourists entered the area, n'Daki Menan to the Teme-Augama Anishnabai, so too did the loggers. In 1877, the Chief of the Teme-Augama Anishnabai petitioned the Crown for a treaty. Ontario refused to honour its commitments because of the value of the timber stands. Until very recently Ontario refused to budge from this position.

Over the decades the Teme-Augama Anishnabai were squeezed out of the tourist trade, were replaced in the logging industry, were flooded from their homes, denied access to their trapping and hunting grounds and slowly but inexorably pushed back to one small island in Lake Temagami. Presently the Teme-Augama Anishnabai economy is dependent upon the cottagers and tourist operators of Lake Temagami as well as employment by their local government. The economic bases of both the native and non-native communities are now eerily alike; economic integration in the bust.

Ontario's habit of ignoring the claims of the Teme-Augama Anishnabai came to an abrupt halt in 1972, when the First Nation placed a caution upon the 110 townships that make up n'Daki Menan. The caution was placed because there had been no Treaty with the Teme-Augama Anishnabai and therefore there was doubt about the title of n'Daki Menan. The case finally completed its journey through the courts in 1991! The impact
of the caution was to halt any further patenting of crown land. Further actions by Ontario and the stock exchange halted land use permits and mineral exploration. Logging, however, continued.

By the mid-1980s, the Milne sawmill in Temagami was getting ready to cut the last stands of old red and white pine. These stands were located in a favourite canoe route, the Wakinika triangle. To access this timber Ontario planned an extension and a joining of existing logging roads, the most famous being the Red Squirrel Road. Southern environmentalists, tree huggers in the local argot, began a road block to protest this allocation of the last stands to clear cutting. The new Premier was arrested on this road block. Soon the Teme-Augama Anishnabai, as the rightful owners of the land, took over the road block. Eventually the Teme-Augama Anishnabai and their supporters were arrested and a deal reached whereby the road was completed and gated and the old growth stands taken out of the allocation process until a new timber management plan was in place, expected in 1994.

The protest had two further results: Ontario signed a Memorandum of Understanding with the Teme-Augama Anishnabai which committed the province to treaty negotiations and to a mandated process of Teme-Augama Anishnabai involvement in timber management, the establishment of a joint management agency for four townships called the Wendaban Stewardship Authority, and for funding of the Teme-Augama Anishnabai to participate in these arrangements.

The second result was another road block, this one by the loggers, of the access road into Lake Temagami. It was a protest aimed at the Teme-Augama Anishnabai and at the cottagers. It was an angry demonstration based on fear and resentment.

By 1990, with the economy in disarray and a vast number of reports, hearings and studies sponsored by Ontario littering the landscape, the Teme-Augama Anishnabai and their neighbours, the loggers, tourist operators and local merchants, were slowly working toward reconciliation. It is a reconciliation based on fear of the economic future, resentment of outsiders and despair at the actions and non-actions of Queen’s Park. It was this confluence that has made possible three initiatives that may portend changes in institutional arrangements in the hinterland and that suggest the possible economic direction of and for the future.

**N’daki Menan Model Forest**

**Description**

In the fall of 1992, as part of the federal Green Plan, Forestry Canada sent out a call for proposals for a model forest. The intent of the model forest project was to "accelerate the implementation of sustainable development in the practice of forestry." The tender document established a set of parameters for the model forest including representation of all forest types in the model forest network, partnership arrangements with all forest users and a commitment both to sustainable forestry and to continued wood supply. Forestry Canada was holding out the offer of approximately $1 million per model forest in this ambitious applied research project.

The Teme-Augama Anishnabai were actively involved in forestry issues in the Temagami area. This involvement has been quite frustrating since few of the concepts, principles or understandings of the Teme-Augama Anishnabai have been applied. Since the early 1980s the Teme-Augama Anishnabai have engaged in a comprehensive critique of forest management as practised in n’Daki Menan and have begun to enunciate their principles for development. With neither the authority to manage the forest nor the power to redirect forest managers, the Teme-Augama Anishnabai have found it very difficult to take the logical steps from principle to policy to implementation. The principles of sustained life, sustainable development and co-existence remained only paper. The model forest initiative seemed a perfect opportunity to begin to work out in practice how one does go about implementing sustainable forestry. The n’Daki Menan forest, centre for so much controversy, a transitional forest encompassing both the boreal and the St. Lawrence forest and a forest so clearly in distress, seemed an ideal locale for a model forest project. It was of no small consequence
in the development of the n’Daki Menan model forest proposal that the Teme-Augama Anishnabai were graced with both the necessary financial resources and the human resources in the form of Mary Laronde and Robin Koistenen.

**Process**

Possibly as a reflection of the naivety of the Teme-Augama Anishnabai, the request for proposals was read very carefully and the instructions followed with close attention. Having decided to prepare a proposal, the Teme-Augama Anishnabai invited all identifiable interests to attend a working session to determine if and whether a proposal should and could be put together for n’Daki Menan. Approximately half of those invited attended the first meeting. The Model Forest committee divided itself into various working groups: steering committee, activity committee, and research, technology and education committee. The committees were established based on the demands of the proposal and with the intent that each committee would be responsible for preparation of sections of the proposal. From December to the following February the n’Daki Menan model forest committee met often, with a core of volunteers and a varying group of less involved participants. With enormous good will and vast amounts of hard work the committee succeeded in putting together a credible and thorough proposal. The expertise in putting the proposal together was local, the knowledge base was local, the concerns were local and the strategies were local. There is no multinational forest industry in n’Daki Menan and the MNR never managed to find the time to participate.

The Teme-Augama Anishnabai were able to pull together very disparate interest groups. Sitting and working together on committees were interests and individuals who a few years earlier were threatening to do serious harm to one another, who held each other in contempt and distrust, who believed their interests were irreconcilable. At first there was great mistrust among the parties but also a willingness to suspend prejudice, if only tentatively. As the committee and working groups met together, as ideas and documents were generated, shared, reviewed and revised, trust and respect grew. The partners began to realize that sharing the land of n’Daki Menan meant having common interests and goals, that the forest could be used and not abused, that neither the present nor the future need be sacrificed. The glue that allowed this process to unfold was the Teme-Augama Anishnabai.

The Teme-Augama Anishnabai, with their steadfast principles of sustained life, sustainable development and co-existence, were the sole partner whose concern was the forest as an entity, not as a use. The concerns of the Teme-Augama Anishnabai were for the forest and the future not to advance the interest of one partner over that of another. Thus it was that the wide array of interests was able to come together under an umbrella spread by the Teme-Augama Anishnabai. The First Nations spend much verbal effort telling their neighbours of their concern for the land, for the future. Apparently, in Temagami, the neighbours have come to believe the First Nations.

**The product**

The n’Daki Menan model forest proposal followed the format outlined by Forestry Canada. Its major features were:

- emphasis on the use of local and indigenous knowledge. The committee put forward the argument that much knowledge necessary for forest management rests with the residents of the area, that research on silviculture can be directed and supplemented by that local knowledge;
- consensus decision-making and conflict resolution as had been illustrated in the development of the proposal;
- value-added uses of the forest and the development of nontraditional markets;
- wildlife management based on diversity rather than featured species;
- development of alternate silvicultural prescriptions based on low impact technologies.
In effect, the strategy put forward by the model forest committee was one of using local knowledge to create sustainable forestry practices which provide both a wood supply for non-traditional, value-added uses and protect the environment and its wildlife. The committee was searching for a strategy of low impact, low cost, high return forest management which respected the land, the wildlife and the area residents.

The outcome

The n'Daki Menan model forest proposal was not accepted. The ten projects chosen were submitted by companies and agencies already responsible for forest management and whose proposals stressed high-tech approaches to forestry. The n'Daki Menan model forest committee was disappointed but it also was sufficiently enthusiastic about the experience that the group planned to meet at occasional intervals to share ideas and information. The relationships developed in the preparation of the model forest proposal have continued. Now, rather than listening to hearsay and blaming each other, the parties call and check out information and misinformation. The partners sound out strategies and actions with each other. A new level of civility, respect and understanding has entered the Temagami area. Surely the land will benefit.

Elk Lake Community Forest

Description

Over the past few years, the concept of community forestry has been gaining credibility in Canada. Ontario announced a community forest pilot project and called for proposals in the fall of 1991. The township of James, better known as Elk Lake, submitted a proposal for a large area, the Elk Lake Management Unit of the MNR's Kirkland Lake district office. Since much of this area is within n'Daki Menan, Elk Lake approached the Tem-Augama Anishnabai for support and received that support. The Elk Lake Community Forest was one of four pilot projects accepted by Ontario. The project, as developed over several months of consultation and struggle by the very diverse community forestry board, is also a foreshadowing of the institutional and economic direction preferred by residents.

Under the leadership of the Township of James, the Elk Lake Community Forest partnership was formed. This is a committee of 12 representatives and alternates who have been meeting bi-monthly to develop and steer the community forest project. The partnership is a varied collection of interests (forestry, wildlife, education, etc.) and local governments. The partners are quite aware of the potential for further road blocks, confrontations and conflict. The committee is designed to forestall this by bringing all parties to the planning table. In its initial phase the partnership has been working to define itself organizationally and to establish goals and objectives and to develop specific projects. As the discussion has continued, the partnership has begun to develop an approach to forest management that is drifting considerably from that of the province. The Elk Lake Community Forest, although very different in intent and scope from the n'Daki Menan Model Forest, is coming to share some principles, precepts and understandings.

Product

The Elk Lake Community Forest strategy, under development and draft, has four major objectives:

- to secure local tenure and decision-making authority. Without security of tenure and the ability to make forest management decisions, the community forest can be neither an instrument for sustainable forestry nor sustainable communities. The essential argument is that local resource use decisions should be made locally to meet local economic needs.
• to accelerate the development of sustainable forestry. In all of north-eastern Ontario forest-based communities and enterprises are facing wood supply problems. Achieving sustainable forestry will be possible only over time and incrementally. To do so will require integrated resource management where the various forest users work together to first protect the forest and its many inhabitants and to use the forest so that future generations too are protected.

• to ensure economic viability of the local communities. The partnership is working under the assumption that sustainable forestry will ensure sustainable communities. The strategy adopted is to first maintain the current economic base of forestry, tourism and trapping, to enhance recreational opportunities and to diversify the economic base through value-added activities, ecotourism.

• to ensure the permanence of the community forest beyond the pilot project stage. The implication of this objective is legislative change both to recognize community tenure of the forest and to allow the community forest to have a source of revenue through taxation, user fees, royalties etc.

In effect, the Elk Lake Community Forest partnership, as the Model Forest committee, has enunciated the goal of increased local control over its resource base to promote sustainable forestry in order to sustain viable communities. This goal is very distant from the boom and bust cycle of resource extraction typical of the economic history of northern Ontario.

**Wendaban Stewardship Authority**

**Description**

One strategy for dealing with conflicts between resource users and resource managers is the establishment of joint management boards bringing together all parties. Conflicts tend to arise under conditions of resource shortages and/or when new users invade lands traditionally used for other, non-compatible uses. The Red Squirrel Road blockade was a classic resource conflict and the Wendaban Stewardship Authority was the classic joint management response.

The Wendaban Stewardship Authority was established through negotiation between the Teme-Augama Anishnabai and the Ontario government. It is mandated by both agencies to manage all land and resources uses in a rather small area of four townships, those at the centre of the Temagami controversy.

The Wendaban Stewardship Authority is a unique joint management structure. Established under the Memorandum of Understanding signed between Ontario and the Teme-Augama Anishnabai in 1990, the twelve-person authority has been granted decision-making powers, if only for three years. The authority does have the power to issue licences; it is not an advisory body. It need not be bound by provincial policies. It is, however, bound by four basic principles:

» sustained life;
» sustainable development;
» co-existence; and
» public participation.

The Wendaban Stewardship Authority is mandated to reach consensus decisions. There is only one bureaucrat and one politician on the authority, both appointed by the Teme-Augama Anishnabai. Ontario representatives have been appointed from various area interests (logging, local government, labour, tourism, environment), while the Teme-Augama Anishnabai members (not politicians and bureaucrats) represent traditional family territories in the Wendaban area. The Authority is also rather fortunate in that there are no immediately necessary demands on its resource base so that it does have the time and the opportunity to plan for the four townships without pressure for action.
Process

In its first year of operation, the Wendaban Stewardship Authority has established itself and the members have learned to work together and to work toward consensus. They have come to see themselves as representing the area and the land rather than narrow interests. They have learned to listen, to understand and to grant legitimacy to views of great polarity. They have reached all decisions through consensus and have learned to tolerate the slowness of this mode of decision-making and to respect the thoroughness of the arrived-at decision. While the Authority has not yet been challenged with large resource conflicts, it has had to cope with conflict and to find resolution. The enthusiasm, good will and helpfulness of the participants have allowed all to bend to reach compromise.

The Authority too has been unified by the struggle it has waged, successfully, to establish its decision-making powers. It has been difficult for both sponsors, Ontario and the Teme-Augama Anishnabai, to accept that their representatives are acting not on behalf of interests but in respect of the principles of the Authority. Giving up power if only over four townships and if only theoretically has been tough! Because the authority is funded (if not to the level wanted/needed), because it does have decision-making powers and because members have been able to shed narrow parochial interests, the Wendaban Stewardship Authority has not (yet) been plagued by the difficulties of other joint management agencies.

Product

The Wendaban Stewardship Authority has yet to produce a product but is in the process of preparing a forest stewardship plan. This plan will be an integrated resource management plan. It will consider all possible resource uses within the capability of the land to provide within the limits of sustainability. The Authority is developing a sensitivity index which will provide a fairly simple set of indicators which will determine possible uses of land and the limitations on such uses. At this stage of the plan development, it is not possible to divine the preferred economic strategy for the area other than to note that all uses are being considered, there is a preference for uses that generate local revenue and employment, and that the plan will be limited by the requirements of sustained life and sustainable development. Implementation of these principles and measurement of the success of strategies is as yet vague, untested.

The plan is being developed with some degree of public input, although skills and strategy are still being developed. Initial meetings to gain input have been enthusiastic exercises in enunciating the desire for sustainable development, value-added uses, habitat protection, and environmental responsibility -- meetings longer on good intentions than pragmatic solutions.

The Wendaban Stewardship Authority is a governing body, if only for a few years. It is demonstrating clearly that the institutional strategies dreamed of in the n’Daki Menan model Forest and the Elk Lake Community Forest are possible, that opposing interests can sit and reason together, that consensus decision-making is effective, that local residents can and do put the long-term health of the land foremost in their planning schemes, that it is possible to dream of a northern future that is not boom and bust extraction but is stable, sustainable and environmentally sound.

CONCLUSION

These three examples from the Temagami region suggest that a change in attitude, in understanding, in world view, may be surfacing. People are searching for ways of implementing sustainable development, sustainable forestry, integrated resource planning, conflict resolution. People may even be coming to recognize that First Nations have been treated with injustice, that justice must be done, and that First Nations do hold knowledge of the land that is precious and valuable for all to know, respect and follow. There is a feeling, a suspicion, that these goals can best be reached with local control over resources. Therefore there
is a growing impetus for restructuring of northern government. Indeed it could be called a demand for home rule.

That these demands are surfacing in the Temagami region is unlikely to be by chance. The shockingly fast economic bust and the prolonged depression has led people through the hope of quick solutions to investigations of smaller-scale locally based development. The involvement of southern environmentalists in the resource conflicts highlighted the very dominant role of outsiders in determining the future of the area. This did feed an unproductive resentment but also focused attention on the issue of local control.

The twenty year caution has guaranteed that the Teme-Augama Anishnabai have had a seat at the various tables in the area. This combined with adequate funding has given them the chance to put forward their vision of the future and their understanding of the land -- an understanding based on respect, caution, limits to the use of land and resources and longevity on the land stretching back 6,000 years and forward forever.

It may be that the caution will be removed, the Teme-Augama Anishnabai will continue to search for justice, a multinational industry will appear and the boom and bust economy will yet again unfold. Perhaps, however, Temagami provides the faintest hint of a future of environmental respect, local control, sustainable development, user group harmony, respect for First Nations and an economy that provides jobs for the children to come.

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Winkler’s Success Story

Henry Wiebe, Mayor, Winkler, Manitoba

The community of Winkler began in the late 1800s as a small hamlet. In 1906, the Village of Winkler was incorporated and Winkler became a town 50 years later in 1956. During these years and well into the late sixties, this community was a "one-industry" town, dependent on the surrounding agricultural industry for its growth and existence.

In the late 1960s the population of Winkler was approximately 2,500. The town employed some 700 people in the various retail businesses. The only industries were a small dairy and a canny. The canny closed in the 1970s.

The Town Council took the initiative to do an analysis of what was happening to the town and determined the major needs of the community. All community organizations were involved in a round table discussion in 1967, to reach a clear goal for the future development of the town.

It was determined that the greatest losses were the movement of young people from the community after finishing High School. The solution was obvious. More jobs were needed to employ these young people. How could this be accomplished?

The Council took immediate steps to establish an eighty-acre Industrial Park. Emphasis was placed on growth from within -- the development of local entrepreneurs and home-grown enterprises. A Development Corporation was established to assist in funding some of the smaller enterprises. Much support was given to each new business venture. An Industrial Day was celebrated with much fanfare and publicity on August 21, 1969. Eighteen new businesses were given a kick-start. Many government dignitaries attended this function.

The 80 acre Industrial Park was quickly filled with industrial enterprises. A new 200 acre park was opened to accommodate new ventures.

Today, 25 years later, this town has 36 industries and employs 3,500 people. All except two are home grown. The population of Winkler is 6,397, according to the 1992 census count.

The diversification into various industrial plants has developed into a large export business as well. Only 30 percent of the products produced in Winkler are sold in Manitoba; 35 percent are exported elsewhere in Canada and the rest are sold to markets all over the world. This cash-flow back into Winkler has greatly cushioned the effects of the last recession in this community.
Yesterday, many of you heard Premier Bob Rae speak about the important decision we, as Canadians, will have to make over the future of this country. I’m not going to make this a constitutional speech: I think the Premier presents a clear picture of the government’s position. However, I do want to say that every one of us has the power to participate in renewing our constitution and our unity and to take responsibility for the quality of life we can share as Canadians.

In many ways all of us here today are participating in a renewal as well -- a renewal of our rural communities. I do feel that this group -- you who are dedicated to raising the quality of life in Canada’s small towns and rural areas -- understand that it is only through participation that progress is possible. Our rural communities are worth the time and effort that will be necessary to revitalize them from within.

Now, I know that you’ve already heard from a number of experts in this field, and discussed extensively the prospects and possibilities for economic renewal in our rural areas and small towns. So for the next few minutes, I’d like to share our approach to rural community development in Ontario with you, and then some examples of how we’re applying the theory in practice.

Our approach rests on three basic beliefs: self-reliance, innovation and partnerships. First and foremost is our belief that rural residents know their communities best, and should be the driving force in designing the future of these communities. We feel that sustained economic and social growth will only come about in our rural communities if local residents have a say in the directions that growth will take. It’s more effective -- who knows what the community needs better than those who live in it? Certainly the people living in Smiths Falls, Powassan and Blyth have a better idea of the community they want than anyone sitting in an office in Toronto or Ottawa.

Plans that are well thought-out and targeted to specific needs are invariably more cost-effective. And this approach is a smarter way to use taxpayers’ money. A sense of self-reliance was key to building our country in the first place, and self-reliance will be an engine for revitalizing it in the future.

Innovation is a second belief in our vision for rural development. By taking stock of what they have, rural communities can find their sources of strength. And by drawing on the talents and creativity of the wide variety of people living in the community, a number of options often come up that might not otherwise be explored. Farmers, local business people, employees, church leaders, bank managers, school teachers and newspaper publishers -- all are able to bring valuable experience and skills to the task. Creative brain-storming sessions are essential to developing any kind of strategy -- they’re even more crucial to a job like community development.

Our third belief is the value of partnerships. The Ontario government wants to be a partner in rural development. We want to share resources with rural communities. Our responsibility is to contribute the instruments rural communities need to achieve their goals.

I know that in my ministry, and several others, we have staff members living in dozens of small communities around the province. They’re employed by the government, but they’re also local residents who belong to the Lions Club, take their children to little league, and take part in parent-teacher associations. They, too, have a stake in their communities.
They also happen to have the skills and knowledge to help their communities along the road to development. And they are experienced in helping bring together people and the resources they need. We see ourselves in the role of facilitators: working with communities creating an environment in which rural residents can effectively chart the future of their communities, breaking down bureaucratic barriers to progress while building up partnerships among the various participants in the rural economy.

And this leads me into the second part of my talk -- how our beliefs are being put into practice across the province. Our Ten Steps to Community Action program is an excellent example of taking our beliefs in self-reliance, innovation and partnerships and putting them into practice. The Ten Steps program is designed at the local level to provide leadership and organizations skills to active residents in the community. Participants include business owners, firefighters, accountants, store clerks, and anyone who has expressed an interest in bettering their local areas.

Through workshops, travel study and discussions, Ten Steps members learn such things as how to enlist support from the community behind a cause and how to communicate effectively. Over the course of the program, participants become aware of the issues facing their community and often form a nucleus for a community action network.

The concept for Ten-Steps came from a program run in Victoria County in 1989. Since then, a dozen rural areas have participated in the program, with encouraging results. People who have completed the Ten Steps program unanimously praise it for its practicality and usefulness in building their personal awareness and confidence in their organizational abilities. One person was even inspired to run for office and was elected!

The program continues to grow. Seven more communities have agreed to run the sessions this year, and we're expecting many more to apply in the near future.

At the same time we’re helping develop leadership skills in the community, we’re testing, with some success, innovative approaches to developing the communities themselves. Four pilot projects are on the go in Ramsay Township near Ottawa, the Milverton-Mornington area north of Stratford, St. Josephs Island near Sault Ste. Marie, and right here in Huron. These projects are designed to determine what factors encourage rural development, and the most appropriate role for my ministry and other government agencies.

These, too, are meeting with some success. In Ramsay Township, the local economic development committee has produced a discussion paper for its residents with some very innovative ideas. Some of the ideas are:

- to create a social service centre aimed at the elderly, promoting the township’s proximity to Ottawa and its large, unspoiled rural landscape.
- to develop a new post-secondary educational institution to act as the cornerstone of their economic strategy.
- to develop a tourism-centered strategy in conjunction with neighbouring communities.

The paper has been presented to local residents in public consultation meetings, and the committee has put out a call for more ideas. It’s a good start. But Ramsay, like the other projects, and like hundreds of communities around the province, must have the support of its residents. This idea is understood well by Ramsay's Economic Development Committee. They’ve identified two crucial prerequisites for taking control of the community’s future. One is the involvement of a large number of residents with a wide diversity of skills and interests, and the other is the need to work together to develop a comprehensive strategy, to encourage long-term managed growth.

Here in Huron, a solid foundation is also being laid for future development. After a series of public meetings sponsored by the local planning department, three key areas for growth were identified, and action committees appointed to work on tourism, environmental opportunities and agriculture.

As a result, the tourism committee has completed a successful brochure swap among tourist operators in the area, a recreation map of Huron is in the works and the committee is keen to build partnerships with other groups in the county. The agricultural committee is working on developing a farm gate brochure, showing tourists where farm-fresh produce can be purchased, and is making plans for an agricultural awareness campaign in the county.
Each of the projects is being run in a different way, according to the makeup and needs of the communities involved. The important point is that there is action being taken -- at the grassroots level by local residents -- to improve their own economic and social well-being. We look forward to the results of the pilots, so we may begin applying the lessons in other parts of the province.

From an agricultural standpoint, revitalizing our rural communities is critical as well. Just as farms have been and continue to be an important economic generator for many communities, the communities provide essential products and services to farms. As you know, the recession, international trade disputes and other factors have hit agriculture particularly hard. Here again, we’re looking to self-reliance, innovation and partnerships to provide the impetus for real stability and growth in our agricultural economy.

This is why we have a $120-million, five-part agricultural investment strategy aimed at providing farm and rural communities with finance and investment opportunities to promote economic stability and self-reliance. The first part of the strategy -- the commodity loan guarantee program -- has already proven a winner, providing Ontario farmers with much-needed credit at reasonable rates and on flexible terms.

This is a quality program and more programs are coming. Each one, like the commodity loan program, developed in partnership with farm and rural groups, and the financial community. I encourage you to watch especially for an innovative rural loan pool program we hope to have up and running early next year.

There are more and more examples of how farmers and others in our business are using the principles of self-reliance, partnerships and innovation to their own, their community’s, and the industry’s benefit. Doug Avery from eastern Ontario is a self-starting farmer who believes in producing what consumers want. By growing only what he can sell fresh, or make into value-added sauces and jams, and by going so far as to open his own store in downtown Brockville, Mr. Avery is proving that farming can be a truly profitable venture.

He has teamed up with our agricultural representative in the area, and the two of them are encouraging other farmers to begin thinking and acting innovatively: to work together on supplying the larger grocery stores in the area, to asking retailers what they need for their stores, and going back and producing it, to devise ways of penetrating the huge New York State market just across the border. Now, there’s a switch! Instead of lamenting the Canadians that cross over the 49th parallel to shop, these people are out to make a profit by selling to our American friends.

In addition, they’ve started up a new group called agricultural marketing for eastern Ontario. Initially, the group will act as a marketing clearing house, bringing together buyers and suppliers from the area. Farmers of a wide variety of commodities have thrown their support behind the group, and their first official meeting is scheduled for December. The group has already generated much interest, both here and abroad. Recently, they were contacted by officials in Belgium, and are exploring export possibilities with that country. This is innovative. It’s exciting. And it’s just the kind of initiative that will move our industry forward -- toward greater stability and prosperity.

At the same time, local ventures like farmer’s markets and co-operatives are gathering strength and numbers across the province as communities search new ways of diversifying their economies. The farmers market here in Goderich shows that these ventures are winners from everyone’s point of view: producers, communities and consumers.

Self-reliance, innovation and partnerships are, I think you’ll agree, three keys to unlocking the potential of our rural communities and allowing them to flourish on their own terms. This is as true in Ramsay Township as it is here in Huron. The concepts are as relevant to our small communities as they are for our entire agriculture and food sector. And they will continue working -- despite the harsh times we’re currently struggling through -- to improve our overall economic and social well-being.
Synthesis

L.P. Apedaile, University of Alberta
Dennis MacDonald, Community Futures Program, CEIC
Gladys Schmidt, Economic Development Council of Ontario

"In small communities, particularly rural communities, it is not only jobs and businesses that are at risk. It is the community that must acknowledge and respond to the inevitable challenges of change. What becomes dramatically clear in gatherings such as this is the impact of change and in many instances the threat that such change poses to people, to the places where people ... wish to continue to live: communities."

Session chaired by Fran Shaver, Concordia University
A SYNTHESIS: JOINT VENTURE LEARNING FOR DEVELOPMENT

L.P. Apedaile, University of Alberta

Linking the main points together

This synthesis is a cap-stone exercise in joint venture learning. Each of us has learned from each other, different things than we could have learned by ourselves. The purpose of this synthesis is to explore how various arguments link up to provide greater insight than each point is individually capable of.

The plenary sessions set the stage for these links with a progression of presentations, from aggregate tendencies in jobs and structure of rural manufacturing and services through to specific evidence and ideas about starting new businesses. The roles of community networks and of strategic alliances and networks for predation and competition were also explored. Virtually all presenters placed emphasis on flexibility.

In one word: flexibility

The non-metro economy, one way to describe rural, appears to be changing at a slower rate than the metro economy, according to Stabler and Bernat. This observation suggests that the rural economy is relatively inflexible. Yet if Bernat is correct in his analysis, rural economies show many of the qualities associated with flexibility. He notes that flexibility means smaller firms, more design and product servicing work, less physical production work, greater requirements for information and more flexible labour arrangements. All these changes are taking place in dynamic rural economies.

Reimer pointed out that weakened social networks have nevertheless reduced rural resilience and flexibility. Davidson also emphasized an ongoing need in rural places to develop a training culture, more aptly termed a learning culture. Without networks and active learning the basis for rural economic flexibility appears to remain weak.

The relative inflexibility of the non-metro economy in the United States appears to carry through on the down-side of the business cycle. Bernat notes that agglomeration economies which favour metro areas on the way up along the business cycle are fragile on the down-side. The implication of this observation is that rural communities should play on their relatively recession-proof qualities in their development strategies, rather than be so concerned about their isolation from metro areas. Notwithstanding this observation, evidence in Canada and the United States from Ehrensaft is that rural places adjacent to metro areas are growing faster than remote rural places.
Economic flexibility is also linked by Stabler and many of the other speakers and discussants to niche opportunities. Stabler’s definition of niche is very practical and appealing. A niche is a market opportunity at the fringe of an oligopoly. The few firms in the oligopoly necessarily standardize their products and services, prompting new demands for specialized outputs corresponding to the need for a flexible response to emerging tastes and preferences in the market.

Rural firms filling Stabler’s economic niche can indulge in what is known as drafting -- when a vehicle sneaks into the vacuum behind a truck on a highway to save fuel. The oligopolistic firms are neither threatened by the small niche marketers, nor can they compete by organizational or technological means with the rapidly moving target. The example of a successful family paper wholesaler in Goderich relative to large wholesalers situated along the Toronto-Windsor corridor confirms this notion of niche opportunity.

**Niche issues**

The niche concept is really the concept of differentiating a product or service. The best example is the AOC (Appellation d’Origine Controlee) designation for wines in France. AOC strategies raise non-tariff barriers to competition as well as enabling supply management. Attaining AOC status falls in the category of predation. The three success stories about wine, turkeys and corn chips are examples of an AOC strategy. Productivity is important to the bottom line. However, maintaining and constantly redefining the product as explained by the representative of Hillebrand wines is a most profitable activity of management.

The down-side of niche markets is summed up by niche today, gone tomorrow. There is a transitory aspect to niche products. They are close to the final consumer and the dynamics of changing consumer tastes. Or they are closely linked to a changing technological niche within the oligopoly itself. Therefore rural firms differentiating their products often find their niche being redefined under their feet. This may require new product lines and retooling several times a year.

The second down-side to niche opportunities is that growth may be limited. Expansion of markets into new towns confronts old product loyalties, makes a firm more conspicuous to larger predators, and requires a rapid escalation of information and information processing expertise. Local bankers were observed by Stabler in Saskatchewan to be sensitive to the uncertainty created by expanding to new markets, particularly export markets. Economies of size may be difficult to attain. Thus creative new equity structures seem to be needed to foster flexibility of rural firms when they opt for growth through new territory. To grow, firms may need to work more and more niche markets at a time.

**Debt or equity financing?**

Can debt financing substitute for equity financing? The success stories of the mill buy-out at Kapuskasing and the growth of the town of Winkler, Manitoba support the evidence obtained by Stabler in Saskatchewan. Equity capital is the preferred means of financing business starts, especially for manufacturing. Stabler notes that equity financing is usually combined with local initiative and community interest. Service starts also employ high equity. But they often involve entering a new community by an outside entrepreneur.

All this evidence suggests that the seeds of industrial enterprise require community interest, strong social networks, local savings and a willingness to invest in the home town. Expansion of the service sector requires similar ingredients but can successfully involve newcomers. Glaseimer went further, reinforcing the homegrown theme, arguing that recruitment of new manufacturing is problematic for communities even when the newcomers succeed.
Recruitment is attractive. It usually brings in a ready-made payroll and a larger than average firm. This result favours mainstreet and consequently is favoured by Chambers of Commerce. The problems begin when the non-local equity capital and technology begin to extract rents for reinvestment in other places. This extraction may even include rents associated with degrading water and air quality, a portion of the value productivity of the workforce, and tax concessions/site and service subsidies.

Glasmeier noted that it is often difficult to learn about the shareholders and long term business intentions of such firms, thereby generating uncertainty about future growth and labour capital substitutions. She observed that recruited firms respond in the first place because they use geography to compete. They also have shared loyalties. These possibilities should be taken into account in a careful selection process. Preference should be given, as in the early days of Winkler's development, to targeting firms for selection by invitation. Then it seems useful to focus negotiations around equity financing and community participation.

Industry and business development incentive programs should perhaps concentrate on business expansion beyond local markets rather than on new starts. Debt financing and uncertainty both seem to play an increasingly important role as firms expand, especially when they build growth upon exports from the region.

Diversification, alliances and linkages

Glasmeier offered several sensible ingredients for successful rural diversification. Focus on productivity, not cost saving. This advice is difficult to implement for enterprises spawned from agro-rural communities because of the tradition in farming of pinching costs. She went on to advocate changes in policy to favour trade and, by extension of her argument, to economic union within Canada. The third ingredient is research and development, an inseparable investment from product differentiation and moving closer to the consumer or hi-tech buyer for components and services in urban places. She did not mention that these last two ingredients must go hand in hand with strategies to ward off predation by other firms in the larger global economy.

The NAFTA will have a large impact upon rural Canada. There will be new business alliances and international linkages for rural firms. The process of deskilling, that is the disproportionate growth in low-skilled jobs and low-paying jobs in the service sector, is expected to accelerate with freer trade. However, Mexico is remote relative to most of the Canadian rural places. Given the distance-reducing technology within Canada, deskilling should be confined to rural Mexico.

Steps to developing manufacturing and services

Finally let us revisit the observations by the speakers and groups on the subject of developing rural manufacturing and services. To me they boil down to five steps in a development process. 1. Start with an idea and build a team around it. This was the theme in every success story. 2. Go for local markets. Glasmeier said it best: sell locally, produce regionally, source globally. 3. Tackle export markets outside the region, even nationally and internationally. This stage involves building strategic alliances with other firms. 4. Protect and expand operations. Seek out new kinds of strategic alliances to ward off hostile rivals. 5. Prepare to hunker down for non-extinction in difficult times. This step anticipates the inevitable downturns associated with oscillations in the fortunes of the firm as it co-evolves with the rest of the economy.

These five steps correspond to major shifts in economic behaviour over time. These shifts are not part of a life cycle, because extinction is not anticipated. The first step is competition based on the good idea, team loyalty and competition. Step two is a transition from competition to predation as growth takes off and
demand outstrips capacity to produce, often the case with successful product differentiation. This appears to be a dangerous period of transition because the firm becomes conspicuous in other potentially well defended markets.

The third step is also a transitory step as predation gives way to cooperation. A shift is required by management to specialization in predation, both to maintain profits and to recognize and outwit hostile predators. This stage involves more and more alliances based upon mutualism and common interest. Stage five is dominated by cooperation as everyone, management, employees, local government and communities, pulls together to save the firm. Normally this stage will evolve into stage one when new ideas, circumstances and personnel changes combine to move the firm into a competitive position.

**Area development**

It is usual for governments at all levels to respond to political pressure for local action with area development programs. Shortall’s examination of the performance of area programs in Ireland led her to conclude that they are dysfunctional. The term area program refers to all those targeted programs with eligibility criteria ranging from geographic regions to type of business, nature of technology, skills of workers, gender and other steering criteria.

Shortall refers to a frenzy of dollar chasing as communities and entrepreneurs compromise their real needs to qualify for government assistance. It would also seem that programs favouring places and types of business activity prey on the taxpayer, move resources and enterprise from place to place, set communities against one another and are destructive to community by fostering opportunism over loyalty.

**Conclusions for rural policy**

To conclude, it seems useful to recall that each community comprises many firms all at different stages in their own idiosyncratic process of development. Some of the firms will move through the stages faster than others. Some will not get beyond selling locally, producing locally and sourcing locally. They are locked into non-tradeable goods and services. These latter may contribute to stability but not to growth. They are vulnerable to Dutch Disease if export-driven growth elsewhere in the rural economy takes off.

Finally recall that government policies affecting development include many communities each at its own stage in the development process. Shortall’s warnings about area programs may be combined with a warning to policy makers.

Recognize and pay attention to the complex patterns of stages of development and many types of equity arrangements and strategic alliances in each community, and in linkages from rural Canada into the North American economy. Competition policy in a predatory or cooperative situation can be counter-productive.

The most propitious course for government would seem to lie with education and development of a learning culture intimately tied to research, development and information processing. Federal and provincial preoccupation with sectoral policies imposes rigidities and constraints in rural strategic alliances and distorts trade, without contributing to sustained and broad based enrichment of the rural population. Policy which promotes trade should also promote international strategic and production alliances, develop mutualism and set standards for controlling predation. Leave competition to the twin forces of productivity and economic efficiency.
CONFERENCE SYNTHESIS NOTES
Dennis MacDonald, Community Futures Program, CEIC

I hope that my brief remarks in contributing to the synthesis panel will assist in achieving a conceptual framework for and possibly insight into the series of topics, excellent presentations and subsequent dialogue which have characterized this conference.

First of all, I would like to mention that Huron County is now a member of the Employment and Immigration-supported Community Futures Program. This is not simply a commercial break; it is relevant to our purpose here and is a positive reflection on the host community, Goderich, and larger Huron County commitment to and involvement in local development as an integral element of their planning process. I am confident that this additional dimension of partnership in the restructuring process will be a model of local, provincial and federal collaboration.

On to the agenda.

The traditional sources of employment and wealth that have sustained rural communities and residents, in this case agriculture, have been diminishing and continue to diminish; the enterprises, services and other infrastructure which served and benefited from the primary stability have been equally dependent and therefore equivalently threatened by change.

Whether the discussion takes place in Cape Breton Island or Goderich or Sage Hill, Saskatchewan, the observation would be the same. Whether the community was sustained by agriculture, the fishery, forestry or mining, the effects would be similar. First it was the primary industry, now, as we have heard throughout this conference, manufacturing is increasingly vulnerable.

In small communities, particularly the rural community, it is not only jobs and businesses that are at risk. It is the community that must acknowledge and respond to the inevitable challenges of change. What becomes dramatically clear in gatherings such as this is the impact of change and in many instances the threat that such change poses to people, to the places where people, and family units have lived and wish to continue to live: communities. There are social and cultural impacts and these cannot be delinked from the economic, nor can they be fully understood in macro terms alone.

The stage presentation we experienced at Blyth, about the challenge to Eramosa Township, presented us with a capsule experience of a small rural community threatened by an external force that they could not evade, which first shocked the community by its force and then gradually elicited a realization of will. This was followed by organized capacity to survive and the assuming of roles by individuals in the response strategy which were new and appropriate to the threat.

Presenter after presenter has demonstrated, to me, that if our response strategy to change is to wait for things to get better, they will simply get worse. One of the challenges then is to differentiate between the shock of change and the need to respond. Another is to better understand the playing field in local, domestic and global terms and to see the local restructuring response in knowledgeable, strategic and organized terms.
The case presentations by entrepreneurs -- turkey production, wine, corn chips -- and the multiplicity of products displayed give ample evidence that there is potential and demonstration of capacity. They also demonstrate, I think, that the advice of presenters on the value of trends analysis holds validity; namely that we ignore trends at our peril but that opportunity is not necessarily directed by trends. There are manufacturing and service opportunities in rural areas.

The opening session highlighted, for me, the recognition that we do need resources, and capital. We also need human capital and leadership at the local level and we need networks of people who constitute knowledge, information, contacts, will and wisdom.

There will be cases where the sum total of individual successes will enable communities to adjust and even prosper. For many, if not most, it is becoming increasingly clear that a collaborative strategy may be necessary to restructure. Even if not necessary in any absolute sense, there seems to be a reasonable body of opinion here that collaborative strategies may be more compatible with the real values we place on living in rural places.

Our debate session which posed industrial development and community development as competing strategies may have reflected traditional stereotypes which survive in many quarters. The debate, I feel, highlighted the worst features of both stereotypes: the dismissal of individual entrepreneurism as somewhat rapacious and the identification of industrial development with smokestack chasing. The local development model appeared to focus on social values replacing wealth creation, as if the two were incompatible. The good news, I think, is that across Canada and internationally, more contemporary approaches are emerging which recognize that the individual entrepreneur can also be a community entrepreneur, and that smoke stack chasing alone is an inappropriate strategy. Local approaches that enlist and even are initiated by local business are more the rule. Take, for example, the growing recognition and acceptance of self employment as a route out of personal unemployment and social dependency. Without ignoring the potential for marginalization, the trend is a positive recognition that social and economic self sufficiency are not inimicable. The Community Futures Program of the federal ministry (Employment and Immigration) that I represent demonstrates in over 230 cases across Canada that partnerships between various dimensions of community and government can and do work and have a significant untapped further potential to assist community restructuring, adjustment and development.

I have again been impressed, as in each of the ARRG conferences I have participated in, by the value of interchange between the academician, the community resident, businessman and elected representative, the expert practitioner or specialist and public servant. The learned papers and research enlighten the experienced, help facilitate insights and offer levers to the committed. The experience, wisdom, examples and cases of resident participants challenge supposition, test assumptions and rate relevance. What, after three such experiences, is common is the value attributed to the appropriate continuance of a healthy rural option.

I would like to close with a paraphrase of a statement made by Dr. John Bryden in his presentation on the European experience. He said, I think, that in the European Community there is a political will to sustain rural places which matches the tenacity of rural people to stay.

**BIO-SKETCH**

**Dennis MacDonald** is the Director, Community Development and Skills Adjustment Policy, Employment and Immigration Canada (EIC). The Directorate provides policy support for the Community Futures Program which is a major program of support to local and community development in small towns, rural and remote Canada. Dennis is the EIC representative on the Directing Committee Initiatives for Local Employment Programme and the Rural Development Programme of the OECD.
AGRICULTURAL AND RURAL RESTRUCTURING GROUP

SYNTHESIS

Gladys Schmidt, Economic Development Council of Ontario

Fran, fellow panelists and "Keeners". Thank you for hanging in to hear the last panel and the last speaker of the ARRG Conference. By now, you're in information overload and your brain has gone into neutral. So I'll try to be short and keep it light. My presentation is given, not from an academic background, but from a hands on, working in the trenches perspective. You're not going to find my comments in textbooks in a library, but from the book of hard knocks based on almost 18 years in the economic development field.

On Wednesday evening, we were welcomed to the area by the mayor and warden. These first comments gave me an idea upon which I could build this presentation.

Warden Fisher commented: "If you have an investor, send them to the County of Huron!"

Mayor Palmer welcomed us "to the prettiest Town in Canada".

INVESTMENT -- QUALITY OF LIFE"

You can't have one without the other!

Now, let's build on this idea. . . .

Stats indicate that the manufacturing, transportation and construction sectors are declining, especially in the urban areas, but the services sector in both urban and rural is expanding. But, don't be lulled into believing the manufacturing base doesn't matter. It does, but not for employment. We can no longer look to the manufacturing sector to create jobs, but we must learn to feed off these industries and create the services to feed them. Thus, we have retention of our existing and recruitment of new investment.

RETENTION and RECRUITMENT

You can't have one without the other!

Peter then talked about the predator and the prey. This really hit the nail on the head. Most of us have a tendency to close in and protect when we are threatened or under siege. We do it in our families, our communities and even countries. Instead of becoming a predator, we close in around our municipalities and shut out those external pressures. In this time of rapid change, in both global economies and technology -- we must learn to widen our horizons and look beyond our borders. Free trade, Europe '92, and Third World Countries will force us to do this. Let me give you an example.

Rural communities have difficulty competing with their larger urban predators (competitors). But what happens if 3 or 4 small communities work together in co-operation for the benefit of all residents. We start breaking down those barriers. Excellent examples are Oxford County -- Woodstock, Ingersoll, Tillsonburg -- and TRI-TOWN -- Haileybury, New Liskeard and Colbalt. This is where those social, information and support networks can be further developed into an even more important resource. By building these strategic alliances, rural manufacturers, services and residents can develop their own predatory skills through
productivity -- pride of product and community and through predation -- dealing with the predators. This model could form the basis of dealing with family, social, skills training, education right up to the retention and recruitment of business.

**CO-OPERATION BETWEEN COMMUNITIES OPENS DOORS OF OPPORTUNITY!**

**You can have one -- which gives you the other!**

Consider the questions posed on Thursday a.m. -- Will manufacturing contribute to the growth of rural communities in the future and can high tech services be expected to expand in rural communities? The answers are easy -- YES YES NO NO. It depends. "What do you want? What does your community want?"

Some communities are happy to be bedroom communities to large urban centres or to become a retirement centre (an example is Elliot Lake). Even these passive activities create economic activities such as construction and all types of services in your communities. Not all rural communities want manufacturing and high-tech growth; thus the answers to the above questions are NO NO.

But, if you want to enlarge your commercial/industrial base, then I feel manufacturing could contribute to the growth of rural communities. The answer is now YES YES.

As stated earlier, communities should research and identify what they have within a 60-mile radius. Once you have a grasp of these existing plants it ensures you retain them and assist your sister communities where possible. Then start working on feeding these industries by identifying which services and supplies they require in their manufacturing, then going out and luring those industries and services into your community. Remember: small is beautiful!

And, why can't we have high tech industry in rural communities? Maybe not an IBM plant -- most rural communities do not have the infrastructure to support this type of facility. But what about engineers, architects, consultants? I am located in Cannington (population about 1,000) as a one-person operation, but I utilize a local housewife part-time for clerical duties and I hire high school students for stuffing envelopes. My activities ripple down into the community: office supplies, the post office, couriers, printers, restaurants, bookkeepers, etc. This one little operation helps the economy in Cannington. I can contact anyone in the world by telephone, fax, couriers. Why do I need to be in an urban centre?

More and more women are opening home businesses. Do not underestimate this very important "industry".

But one word of caution: be aware of government policies on rural development and rural services, especially in Ontario, and always remember that long-term planning is required. Start now with your official plans and by-laws and be prepared for the future.

**MANUFACTURING, PROFESSIONAL, HIGH-TECH"**

**Why can't we have one and the Others?**

Grassroots or recruitment: back in 1957, when the Ontario Industrial Developers Council was founded, most members were industrial commissioners, known as "super salesmen" or smokestack chasers. They wined and dined their clients and went after any and all industries, the larger the better. Never a concern for quality of life of communities -- environmental concerns were an unknown. Over the past 30 years, a revolution has taken place in the economic development profession. Economic developers are now responsible for not only industrial development but commercial, tourism, downtown revitalization, skills training, residential and the overall betterment of their communities. In 1990, we changed our name to the Economic Developers Council of Ontario to reflect these changes. Thus the term smokestacks is redundant and misleading. The word of the '90s is "recruitment". Certainly, the consensus of this conference leads us to believe that a blend of both is desirable. Community economic development is not a new concept. Rural communities have been doing this for years, working with neighbours to make a better place to live (examples
are barn raisings, raising money through bake sales, etc.). I have worked with many community groups on community strategic plans. Once the community takes part in this process, people then feel they have ownership and will work hard to make it work. But remember, volunteers burn out! Make sure you have long-term plans in place and mechanisms to keep the process moving ahead. One area communities could look at is the setting up of community bonds. At present, Saskatchewan has a very successful program. EDCO is urging the Ontario government to look at this project. These bonds are an excellent way to raise money to assist in community economic development. But do all rural communities have the resources to offer these? You can only feed off yourself for so long; then, once again, we have to look externally to bring in new blood and investment in our communities.

GRASSROOTS and RECRUITMENT

You can’t have one without the other!

I love "success" stories! Why is it that we only hear about the bad news stories in the press? If I were the Prime Minister, I would pass a law stating that once a week, every newspaper, T.V. and radio station must tell a good news success story. This morning, we heard about business success stories. We all know that nothing comes easy! Even when we are born, we have to fight and work hard. But once that child is born, you forget the hard work and pain and celebrate the results and success. Valuable lessons can be learned from success stories. Their seas were not always smooth sailing. Remember, "Even when you fall flat on your face, you’re still moving ahead!" One industry that EDCO has been strongly supporting over the years is our excellent domestic wines. At our conferences held throughout Ontario, only Ontario wines are offered. Recently, at our national conference in Ottawa, a resolution was passed which stated that, in the future, only domestic wines would be served at our conference. This is a small start, but if every rural community could support purchasing local products where possible, and support these success stories, then expansion and new jobs for our neighbours could be achieved.

As we heard last night, local co-ops are an excellent way to keep dollars in our communities. Some rural communities are banding together and doing bulk purchasing of food supplies through a local food co-op. Interesting concept! Another note: our ARRG mugs were made in China. Remember, we cannot compete with China on the manufacturing of these mugs, mainly because of cheap labour (we need imports in order to expand our export market), but the organizing committee used a local merchant as the wholesaler to purchase these mugs, thus keeping a portion of those dollars in Goderich.

CANADIAN BUSINESS -- SUCCESS STORIES

You can’t have one without the other!

Community success stories: All things are possible when we have co-operation and respect for each other. Rural and small town Canada, are the heart of this great country, the engine which could drive our economy. Recently, I visited the town of Chaminis on Vancouver Island. Their motto is "The Town that Did!" This morning, we heard of other communities that "did".

The key connecting factor in all these stories was the desire of the residents to make a better life and a special place to call home. This is the start of grassroots community economic development, which is an always changing activity. Together with local politicians, residents are taking an active role in the future of their communities. The road is not easy -- there are many potholes. But by your presence here in our joint learning sessions, we are ready to take on the challenge.

"RURAL/SMALL TOWNS and CANADA"

You can’t have one without the other!
BIO-SKETCH

Gladys M. Schmidt has been involved with the economic development profession for over 15 years. Ms. Schmidt has obtained her Diploma in Economic Development from the University of Waterloo and completed the requirements as a certified economic developer (Ec.D.) in 1988 (the first woman in Canada to receive this designation). She is a graduate of Wilfred Laurier University in Business Administration and is the chairperson of the Working Skills Advisory Group for Seneca College.

Gladys has been a member of the Professional Development Committee for the Economic Developers Association of Canada for many years and was a member of the Board of Directors for the Economic Developers Council of Ontario for 5 years prior to taking over the position of Executive Director for the Council in 1991. Ms. Schmidt is the owner of her own consulting business, South Shore Development Group, which specializes in development in Small Town Ontario.

In her spare time, Gladys is a certified scuba diver, downhill skier, curler and golfer as well as mother of 4, grandmother of 6 (soon to be 7).
AGRICULTURAL AND RURAL RESTRUCTURING GROUP

VOICES FROM THE FLOOR:
A SYNTHESIS OF COMMENTS FROM THE ROUND TABLE DISCUSSIONS

Over the past four years, since ARRG's first national conference in Saskatoon, Saskatchewan in 1989, ARRG conference organizers have developed an effective, interactive conference format. The format begins with panel discussions, followed by facilitated round-table discussion sessions on topic-related questions, and ends with a randomly selected, informal feedback process. The round-table discussions are generally recorded for synthesis and analysis. At the 1992 conference, there were twenty round-table discussion groups which participated in four separate round-table sessions and considered a total of eight questions. The synthesized results of these session records are presented here in summary. (All quotations indicate comments that are taken directly from the round-table recorder notes.)

Session 3 -- Rural Manufacturing and Services: Canadian Perspectives

Question #1: What should be the role for manufacturing in the rural Canadian economy?

There was a general consensus that rural manufacturing should be locally owned and should focus on local opportunities and strengths -- "It must be related to what is already there." Manufacturing industries that are smaller in scale and based on niche-market, specialized and value-added products are considered preferable to large national or multi-national manufacturing companies. The importance and value of very small (one to five employees) rural cottage industries was also recognized. Smaller, locally owned industries can "grow and expand along with the community and stop the need to hunt down external support."

Along with the purely economic benefits of rural manufacturing, several tables emphasized the social aspects -- "there is a need for more off-farm activity and people would prefer to stay in rural areas because of the quality of life factors." An environmental caution was also expressed -- "impacts on land and sewage capacities must be considered to determine how much manufacturing will be allowed in rural areas."

Question #2: Do 'high-tech' industries have a future in rural areas?

Although conference participants stressed that high-tech cannot be considered "the salvation of rural areas," it was agreed that it can play an important role. With the new trend toward telecommuting and increasingly more people taking the opportunity to work out of their homes, the distance factor between home and work is being taken out of the equation for deciding where to live. This may give rural areas a greater attraction for many high-tech companies. It was also mentioned that many rural areas are involved in primary resources utilization and are already pretty high-tech (for example, modern agricultural equipment and chemicals, fish processing plants, etc.), therefore high-tech service capabilities already exist in many rural
areas. In order to take full advantage of this new field, rural areas will have to build and maintain appropriate infrastructure and establish training and support services.

Session 4 -- Grassroots or Smokestacks: Community-based Approaches to Local Economic Development versus The Industrial Recruitment Model

Session 4 involved a debate over alternative approaches to local economic development: the community-based approach versus the industrial recruitment model. After the formal debate had concluded, round-table groups were asked to debate the issue themselves and then vote on their preference. The groups unanimously agreed that, singularly, neither approach is preferable. Rather, a blend of both approaches is required.

The round-table discussions responded to the debate topic by questioning the whole definition of community economic development. Since each community is unique, each requires its own unique development strategy. It was stressed that each community must identify its own priorities and needs and make plans and strategies that are community driven and proactive rather than reactionary. Local creativity and innovation were identified as the important ingredients rather than "just copying other plans which seem to have worked." Consequently, there is justification for a combination of both approaches to community economic development.

However, any successful and sustainable approach to community economic development was deemed to require an attitudinal change whereby communities learn to make their own decisions and accept their own blame. Therefore, community economic development was re-defined through the round-table discussions as a process of "building community spirit and pride through dialogue and education about planning, development and the whole concept of being a community."

Session 5 -- Entrepreneurial Success Stories in Rural Food Processing: A Panel Presentation of Three Successful Rural Food Processors

Question #1: What factors are required to affect more food processing opportunities?

Marketing was identified as the factor which can most directly affect growth in food processing opportunities. Successful opportunities arise from specialized initiatives such as niche-marketing strategies and "buy-local" campaigns. Several roundtables also discussed the necessary inputs for effective marketing strategies such as background market research and development, the removal of interprovincial trade restrictions and the development of appropriate policies relating to marketing boards, transportation and venture capital.

Question #2: What are the barriers to entrepreneurial initiatives and how might they be overcome?

In their discussions, the roundtables identified three main barriers to entrepreneurial initiatives and suggested strategies by which they might be overcome.
1. Financing

A major obstacle for most entrepreneurs is obtaining funding. It was felt that many traditional funding sources are oriented towards larger and more established enterprises. Consequently, new entrepreneurial initiatives have literally to hunt out alternative funding sources that are "willing to take a gamble" or "take a delay in their profits." Alternative funding sources that were suggested include business development centres and specialized business development banks or trust companies. Local funding pools and local development bonds were also mentioned. Incubator malls and administrative start-up assistance were also cited as possibilities for lowering the initial costs of new entrepreneurial ventures.

2. Access to information

"How-to" information and resources which explain basic business start-up procedures and/or basic business skills were considered to be largely unavailable in rural Canada. Such information and skills could be provided through seminars, community colloquiaums or specialized courses. Business development resources centres were identified as the ideal distribution centre for help with entrepreneurial information and skills.

3. Entrepreneurial spirit

Most of the discussion groups mentioned the "branch-plant" mentality of many rural communities and rural peoples. Successful entrepreneurial initiatives require an attitudinal change among the community members. Overcoming this barrier will require deliberate initiatives such as the introduction of an entrepreneurial education element into the curriculum for school children.

Session 6 -- Community Success Stories in Rural Manufacturing and Services: A Panel Presentation of Four Community Success Stories

Question #1: From the presentations, what are the three key characteristics which contribute to community success?

By combining the responses from each of the discussion groups, four key characteristics were identified as contributors to community successes.

1. A catalyst

In each of the four case studies, there was some sort of a catalyst or "a potential crisis or event" that served to draw the community together and initiate action or response.

2. Sense of community

All of the presentations portrayed communities with a strong sense of community spirit and pride; each example was "community driven and owned rather than externally reliant." Several table discussions commented that this sense of community may be a result of the co-operative involvement of all community members and stakeholders -- "by including all stakeholders, all interests are represented and every group feels as if they had a say."
3. Resources

It is very important that communities have access to sufficient resources to undertake their initiatives. The communities that were profiled had sufficient natural, financial and human resources. The round-table discussions focused, in particular, on the human resources in terms of "enlightened and effective leadership." The success of the four communities was due, in great part, to leaders who had "the skills, the time and the heart" to co-ordinate the community and its actions.

4. Planning

Each of the four communities undertook some type of strategic action planning or long-term planning. This planning served to move the initial community vision forward by "linking all of the facets" of the initiatives through decisive actions to a stated purpose and goal.

**Question #2: What important points did not come out in the presentations?**

Conference participants were most interested in learning about the process by which the communities pursued their development initiatives. They were interested in knowing more about how to initiate the process if the community is not facing a current crisis, how much funding is required and how to raise and maintain the necessary funds, how to keep people motivated and committed despite the possibility of "volunteer burnout," how to provide training and skills for effective leadership and how to plan for leadership succession. The discussion groups also questioned the possibility of failure -- "at what point does a community give up and accept their fate?" One round-table participant suggested that for every community success that we heard from, there was at least one "community failure." If there was an opportunity to hear the stories of these less fortunate experiences, there would be a better chance for a comparative look at "the key characteristics of community success."
CONFERENCE PROGRAM

Wednesday, October 21st, 1992

3:30 p.m. - 5:30 p.m.  REGISTRATION

5:45 p.m. - 6:00 p.m.  WELCOMING REMARKS:
                       Robert Fisher, Warden, County of Huron
                       Eileen Palmer, Mayor, Town of Goderich

6:00 p.m. - 8:00 p.m.  Dinner followed by live entertainment from "Homespun"

8:00 p.m. - 10:00 p.m. Session 1: "Restructuring Industrial Production and Tradeable Services in the 1990's: The Impact on Rural and Small Town Canada" Session
                       Chair: Tony Fuller (University of Guelph)
                       Peter Apedaile (University of Alberta)
                       Ray Bollman (Statistics Canada)
                       Bill Reimer (Concordia University)
                       J.C. Stabler (University of Saskatchewan)

Thursday, October 22nd, 1992

8:30 a.m. - 10:00 a.m.  Session 2: "Rural Manufacturing and Services - Canadian Perspectives"
                       Session Chair: Tony Fuller (University of Guelph)
                       Gary Davidson (Huron County, Ontario)
                       Jack Stabler (University of Saskatchewan)

                       Presentations followed by roundtable discussions and plenary reportings

10:00 a.m. - 10:15 a.m.  Refreshment Break
10:15 a.m. - 12:00 noon  Session 3: "Rural Manufacturing and Services - Industrial Perspectives"

Session Chair: Michel Gauvin (Intergovernmental Committee on Urban and Regional Research)
Andrew Bernat (United States Department of Agriculture)
John Bryden (Arkleton Trust, European Economic Community)
Amy Glasseier (Penn State University)
Sally Shortall (National Economic and Social Council, Ireland)

12:00 noon - 2:00 p.m.  Guest Speaker: The Honourable Bob Rae, Premier of Ontario

2:00 p.m. - 3:00 p.m.  Free Time

3:00 p.m. - 5:00 p.m.  Session 4: Debate: "Grassroots or Smokestacks - The Community-Based Approach to Local Economic Development vs The Industrial Recruitment Model"

Session Chair: Wayne Caldwell (University of Guelph)
Ed Bennett (Milverton-Mornington Development Corporation)
Armas Pukala (Regional Municipality of Haldimand-Norfolk)

Debate followed by roundtable discussions and plenary reportings

6:00 p.m.  Dinner at Blyth Community Centre

7:00 p.m. - 7:40 p.m.  Presentation: "The Future of U.C.O. in Rural Ontario" Reg Cressman (United Co-operatives of Ontario)

8:00 p.m. - 10:30 p.m.  Theatre performance at Blyth Festival Theatre: "The Spirit of Shivaree '92" - Eramosa Community Players (free to conference registrants)

Friday, October 23rd, 1992

8:30 a.m. - 10:00 a.m.  Session 5: "Entrepreneurial Success Stories in Rural-Based Food Processing" - Panel Discussion with entrepreneurs

Session Chair: Ken Donnelly (Labour Market Services, CEIC)
Glenn Hunt (Hillebrand Wines)
Earl Shea (Coldspring Farms)
Wayne Martin (Arrowheads Corn Chips)

Presentations followed by roundtable discussions and plenary reportings

10:00 a.m. - 10:15 a.m.  Refreshment Break
10:15 a.m. - 12:00 noon  Session 6: "Community Success Stories in Rural Manufacturing and Services"  - Panel Discussion with community representatives from across Canada

Session Chair: Harold Baker (University of Saskatchewan)
Henry Wiebe (Winkler, Manitoba)
Heather Ross (Temagami, Ontario)
Bill Finley-Punnett (Cumberland County, Nova Scotia)
Emile Touchette (Kapuskasing, Ontario)

Presentations followed by roundtable discussions and plenary reporting.

12:00 noon - 1:00 p.m.  Guest Speaker: The Honourable Elmer Buchanan, Ontario Minister of Agriculture and Food

1:00 p.m. - 3:00 p.m.  Session 7: Synthesis

Session Chair: Fran Shaver (Concordia University)
Peter Apedaile (University of Alberta)
Dennis MacDonald (Community Futures Program, CEIC)
Gladys Schmidt (Economic Development Council of Ontario)

3:00 p.m. - 3:15 p.m.  Wrap-up

Post-Conference Tour (Optional)

A post-conference tour highlighting local industries, communities and sites of interest will start immediately following the close of sessions on Friday afternoon. The tour will begin with a visit to a fully operational windmill built by an enterprising farmer to attract tourists and promote the area's Dutch heritage. Next door, a manufacturer of horse-driven carriages will show us some of the splendid workmanship within his carriage works just outside of Bayfield. A group of local community leaders will join us for supper and some casual conversation within the picturesque village of Bayfield. A quiet restful evening is planned for Friday night with accommodation provided at the luxurious Benmiller Inn, located in the rural countryside just outside of Goderich. Saturday will be devoted to on-site visits to some of the area's leading export industries. During the morning we will visit Champion Road Machinery in Goderich and Royal Homes in the town of Wingham. After stopping for lunch in the farming community of Brussels, we travel on to the Mainstreet Canada community of Seaforth and view some of Canada's finest 19th Century small town architecture. Down the road in Hensall we will visit the country's largest inland grain elevator, see a state-of-the-art composting facility designed and built in Huron County and learn more about a local co-operative's efforts to process corn into ethanol. The post-conference tour ends with a community barbecue and dance in the rural hamlet of Holmesville. Please note: If you wish to attend the post-conference tour but have not registered, you may still register at the front desk. Cost of registration for the post-conference tour is $175. Registration is limited to the first 40 persons.
CONFERENCE REGISTRANTS

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