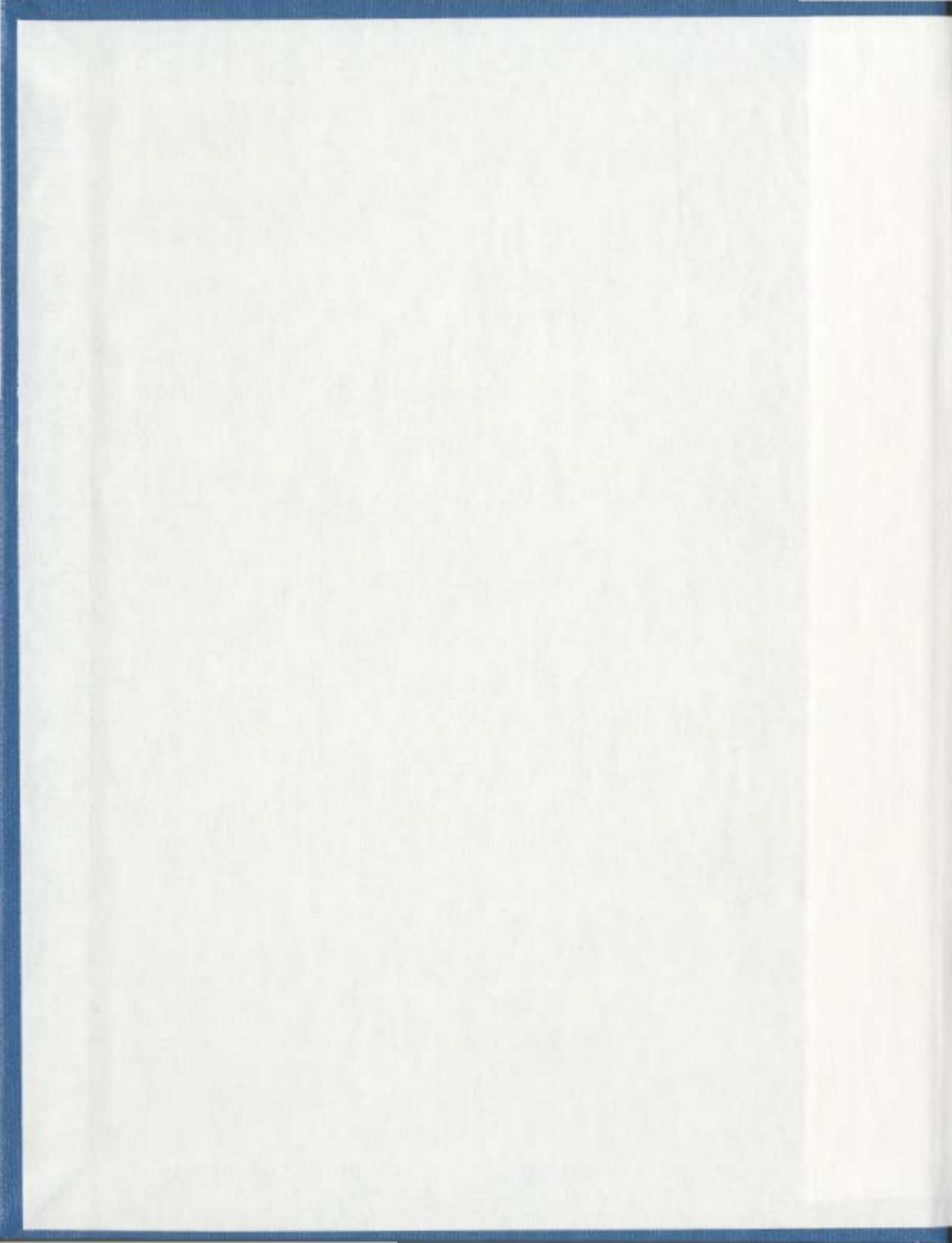


REGIONAL DEVELOPMENT ASSOCIATIONS IN
NEWFOUNDLAND AND LABRADOR

LAURIE BONIA



REGIONAL DEVELOPMENT ASSOCIATIONS IN
NEWFOUNDLAND AND LABRADOR

by

© Laurie Bonia

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Abstract

In the mid to late 1960s, a grassroots rural development movement emerged in Newfoundland and Labrador in response to the economic and social crisis many areas were experiencing. Ad hoc groups arose across the province and quickly developed into structured organizations known as Regional Development Associations (RDAs). By 1969, these associations had formed an umbrella organization and were receiving funding from the provincial government on an experimental basis to cover administrative expenses. Within a few years, RDAs were formally recognized as the primary agents for Newfoundland's rural development program and were funded accordingly through a series of successive federal-provincial agreements. RDAs continued in this role until 1995 when the provincial government shifted to a new program for regional development and ceased core funding to the fifty-nine associations and their umbrella organization, the Newfoundland and Labrador Rural Development Council (NLRDC). This paper looks at the events and process that led to government's decision and, in so doing, examines the RDA movement from infancy to present day status. It concludes that RDAs dependence on government funding created a credibility crisis in the movement that ultimately led government to eliminate its support.

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Abbreviations

ACE	Advisory Council on the Economy
ACOA	Atlantic Canada Opportunities Agency
ARDA	<i>Agricultural and Rural Development Act</i>
BDC	Business Development Centre
CF	Community Futures
CCDP	Canada Community Development Program
CED	Community Economic Development
CEIC	Canada Employment and Immigration Commission
CMHC	Central Mortgage and Housing Corporation
D2R2	Department of Development and Rural Renewal
DREE	Department of Regional Economic Expansion
DRIE	Department of Regional Industrial Expansion
ENL	Enterprise Newfoundland and Labrador
EPG	Economic Planning Group
ERC	Economic Recovery Commission
ERDA	Economic and Regional Development Agreement
GDA	General Development Agreement
HRDC	Human Resources and Development Canada
HRSD	Human Resources and Social Development
LIP	Local Initiatives Program
NEED	New Employment Expansion and Development Program
NLFM	Newfoundland and Labrador Federation of Municipalities
NLRDC	Newfoundland and Labrador Rural Development Council
NLREDA	Newfoundland and Labrador Regional Economic Development Association
NRDA	Northern Regional Development Association
OFY	Opportunities for Youth
RAND	Department of Rural, Agricultural and Northern Development
RDA	Rural/Regional Development Association
RDCA	Rural Development Cooperation Agreement
RDSA	Rural Development Subsidiary Agreement
REDB	Regional Economic Development (RED) Board
SEP	Strategic Economic Plan
SRDA	Strategic Regional Diversification Agreement
SSP	Strategic Social Plan
SYEP	Summer Youth Employment Program
UI	Unemployment Insurance

Chronology of Approaches to Rural/Regional Development in Newfoundland and Labrador

<u>Year</u>	<u>Administration</u>	<u>Approach</u>
1938	Commission Government	Interim Report on Rural Reconstruction (Gorvin) recommends that 20 Regional Development Councils comprised of representatives from communities and sectors be established in the regions.
1950s-1960s	Liberal (Smallwood)	Government focuses on large-scale industrial development and resettling people from economically disadvantaged regions to more highly developed 'growth centres.'
mid-late 1960s	Liberal (Smallwood)	Grassroots Regional Development Associations (RDAs) comprised of local volunteers spontaneously emerge across the province. By 1992, there were 59 RDAs.
1969	Liberal (Smallwood)	Newfoundland and Labrador Rural Development Council (NLRDC) established as the umbrella organization for RDAs. Both groups are funded on an experimental basis.
1972	PC (Moore)	New provincial Department of Rural Development is established.
1974	PC (Moore)	Governments of Canada and Newfoundland sign the first of four successive 5-year federal-provincial agreements for rural development.
1986	PC (Peckford)	Royal Commission on Employment and Unemployment in Newfoundland recommends 5 Regional Development Boards comprised of representatives from local organizations. Recommendation not enacted at the time.
1989	Liberal (Wells)	Economic Recovery Commission (ERC) established.
1991	Liberal (Wells)	Enterprise Newfoundland and Labrador (ENL) Corporation established with 5 regional offices and 18 satellite offices to carry out the economic development component of the ERC's mandate.
1992	Liberal (Wells)	Strategic Economic Plan (SEP) released outlining 17 provincial economic zones.
1995	Liberal (Wells)	Federal-Provincial Task Force on Community Economic Development establishes 18 regional economic development zones based on those outlined in the SEP. Each zone has its own Regional Economic Development (RED) Board comprised of volunteer representatives from local stakeholder groups. Total later increased to 20. Government eliminates core administrative funding to RDA movement.
2003	Liberal (Grimes)	RED boards form an umbrella organization, the Newfoundland and Labrador Regional Economic Development Association (NLREDA).
2005	PC (Williams)	Rural Secretariat, comprised of a Provincial Council and 9 Regional Councils, created. Volunteer representatives nominated by the community then chosen by government.

CHAPTER 1

IDENTIFYING THE ISSUE

1.1 Introduction

On the far eastern coast of Canada, bordered by the waters of the Atlantic Ocean, the island of Newfoundland combines with mainland Labrador to form a single large and sprawling province officially named Newfoundland and Labrador.¹ The economy of the province is largely resource-based with the fishery being of primary importance since the area was first settled. The heavy reliance on this industry in the past created a distinctive settlement pattern that continues to exist today whereby much of the population reside in tiny fishing communities scattered along the shoreline. While many deem these rural outposts as being at the core of Newfoundland culture, others perceive them and the way of life as a deterrent to economic and social advancement within the province. For these critics, there is a direct link between the vulnerable and undiversified economy of rural areas and the poor economic performance of the province as a whole—a performance that has continually lagged behind that of the rest of the country despite a multitude of strategies aimed at alleviating regional socio-economic disparity.

The social and economic inequality between rural and urban regions in Newfoundland and Labrador is longstanding and well documented. While attempts to stimulate rural development predated confederation, it was mainly after Newfoundland's union with Canada in 1949 that government programs and initiatives targeting rural areas

¹ For simplicity, in this thesis "Newfoundland" is used to refer to "Newfoundland and Labrador."

became prevalent. These schemes proved largely unsuccessful and, by the mid 1960s, people in rural parts of the province decided to take matters into their own hands and formed groups to promote local improvements. These ad-hoc groups arose in various areas and eventually grew into a full-fledged organization with a network of Regional Development Associations (RDAs) across the province. For nearly thirty years, these associations were recognized by governments as the primary agents for rural development in Newfoundland and Labrador and were funded accordingly. This arrangement ended in 1995, however, when the provincial government announced a new regional economic development program and cut the administrative funding to RDAs and their umbrella organization, the Newfoundland and Labrador Rural Development Council (NLRDC). This paper aims to analyse that decision by exploring the events leading to it and the rationale behind it. In so doing, it traces the rural development movement over four decades, from infancy to its present day status.

1.2 Background Issues

The unequal rate of economic growth across regions is a common feature in all market economies. Consequently, some areas are more disadvantaged and offer fewer opportunities for gainful employment, business development, economic stability and an improved standard of living. This regional inequality or disparity is a widespread problem that countries throughout the world struggle to deal with and resolve. Canada is no exception. In fact, regional imbalance is a bigger issue in this country than in many others

around the world.² In Canada, this inequality is evident not only across groups of provinces like the Prairies or the Atlantic provinces, but also within individual provinces themselves. This is particularly the case within Newfoundland and Labrador.

Few agree on what causes such inequality between regions. In Canada's case, there are a number of contributing factors including the country's physical geography and historical development as well as its political traditions and decisions. Regional development economists in both Canada and abroad do agree, however, that there simply is no single economic theory to explain regional disparities, nor are there any panaceas for development.³ Despite this, Canadian policy-makers, particularly at the federal and provincial levels, have spent a great deal of time and money over the years on a wide variety of economic development programs across the country with the hope of reducing regional and sub-regional disparities.

In general terms, regional economic development refers to measures taken to improve employment, income and productivity levels in underdeveloped economies. These typically involve activities that lead to job creation and wealth distribution within affected regions. Canada's history with regional economic development programs is long and varied with the earliest formal program dating back to the *Prairie Farm Rehabilitation Act* established in 1935 to help the drought-stricken Prairie provinces of

² Elizabeth J. Beale, "Regional Development in Atlantic Canada: An Overview and a Case Study of the Human Resources Development Association," in *Regional Development from the Bottom Up: Selected Papers of the Local Development Series* (Vancouver: Westcoast Development Group, 1993), 99.

³ Donald J. Savoie, ed., *Regional Economic Development: Canada's Search for Solutions*, 2nd ed., (Toronto: University of Toronto Press, 1992), 6, 228-229.

the day.⁴ Since that time, there has been a range of government-sponsored economic development initiatives aimed at various regions of the country.

When Newfoundland joined confederation, there were great expectations that the union would lessen the economic disparity that existed at the time between the newest province and the rest of the country.⁵ There were also expectations that this, in turn, could ease the longstanding disparity between rural and urban areas within Newfoundland itself.

In Newfoundland and Labrador, the depressed economies are generally the rural communities and the economic development programs are, thus, typically directed at those areas. In this regard, the regional economic development programs in Newfoundland are more accurately described as rural development programs. In fact, the terms regional development and rural development are often used interchangeably in this province and even RDAs themselves are referred to as both Rural Development Associations and Regional Development Associations.⁶

Whichever term is used, the economic development initiatives undertaken in Newfoundland and Labrador over the past five decades have been numerous and varied and have involved all levels of government. For much of the 1950s and 1960s, the

⁴ D. Ralph Matthews, "Economic Viability vs. Social Vitality: Economic and Social Considerations in Regional Development," in *Modernization and the Canadian State*, eds. D. Glenday et al. (Toronto: MacMillan Company of Canada, 1978), 190.

⁵ A detailed discussion of the expectations associated with Confederation is provided in chapter 2 of the final report of the Royal Commission on Renewing and Strengthening Our Place in Canada, *Our Place in Canada* (St. John's: Royal Commission, 2003).

⁶ For the purposes of consistency, the term Regional Development Association is used throughout this paper.

Newfoundland government's rural development policy focussed on large-scale industrial development. When this failed, government shifted its focus to targeted migration of people from economically disadvantaged regions to more highly developed 'growth centres.' This resettlement program, as it came to be known, was very unpopular with the people and was deemed a failure, particularly by those rural people directly affected.⁷

In the late 1960s, the provincial government was virtually forced into accepting a new development approach driven by rural people themselves. The community economic development (CED) approach is a form of regional development spawned from local ideas and resources and, while governments can assist in the effort, the primary goal is "self-reliance and the fulfilment, through local control, of long-term community social, cultural, economic and political needs."⁸ As such, its focus is not limited strictly to job creation; rather, it seeks overall community improvement and includes other areas such as education, healthcare, transportation, housing and so forth.⁹

While they may not have been cognisant of it at the time, community economic development was the approach taken by the grassroots movement that emerged in rural Newfoundland and Labrador in the late 1960s. Spurred by the desperate conditions in

⁷ For a detailed analysis of this program see D. Ralph Matthews, "Communities in Transition: An Examination of Government Initiated Community Migration in Rural Newfoundland" (Ph.D. Thesis, University of Minnesota, 1970).

⁸ Dal Brodhead, Francois Lamontagne, and Jon Peirce, "Regional Development in Canada: The Local Development Experience," in *Regional Development from the Bottom Up: Selected Papers of the Local Development Series* (Vancouver: Westcoast Development Group, 1993), 261.

⁹ Stewart E. Perry, "The Community as a Base for Regional Development," in *Regional Development from the Bottom Up: Selected Papers of the Local Development Series* (Vancouver: Westcoast Development Group, 1993) 1.

local areas, its mandate was to bring about substantial economic and social improvements in rural communities and regions. When the movement gained momentum, government was persuaded to adopt the CED approach and the newly formed development associations were chosen as the principal agents for the province's rural development program.

Despite the efforts of the RDAs throughout the 1970s and 1980s, however, the disparity between rural and urban regions of Newfoundland persisted. This inevitably led to increased scepticism about the value of the program. By the early 1990s, a new government, led by Premier Clyde Wells, was expressing a strong desire to try something different. A task force was established to examine the issue and, in 1995, implementation of a new regional economic development program began. The shift to this new program meant that government would no longer financially support the RDA approach.

1.3 Thesis Focus and Overview

By all accounts, RDAs epitomized rural development in Newfoundland and Labrador for nearly thirty years and while an objective and comprehensive study of these organizations and the movement is long overdue, that is not the purpose of this particular study.

This paper originated from a desire to document the demise of RDAs before they actually disappeared. Given that many of these groups continue to operate more than ten years after their administrative funding was cut, however, this study aims to document a key decision in the province's rural development history and examine some of the

questions and confusion that still surround this decision. It synthesizes information gathered from secondary sources to create a working chronology of events leading to the provincial government's decision to cease the RDA administrative funding and examines the impact this had on the RDA movement. In that regard, the thesis is not stated as a hypothesis but rather as a question to be investigated: what led to the provincial government's 1995 decision to eliminate core funding to the RDA movement?

Examination of this question requires analysis of a number of subsidiary questions including: why did RDAs emerge? what was their relationship with government? what was their role? who constituted their membership? who made the decision to cut their funding? what was the decision based on? how was it related to the decision to implement Regional Economic Development Boards? and what was the impact on RDAs? In addressing these questions, the paper provides valuable information concerning RDAs and the RDA program. It offers insight not only into government policy towards rural areas, but also into the policy process in the province. Perhaps of greater importance, however, this paper will address the knowledge gap that exists in the literature concerning the evolution of a movement that has played such a pivotal role in the social and economic history of Newfoundland and Labrador.

In general, the study is organized chronologically. Chapter two outlines the particular historical factors and immediate conditions that caused the rural development movement to emerge. Chapter three proceeds to describe the origins of the movement. It focuses on several of the earliest associations and examines government's response to the

new organizations. In chapter four, the relationship with government is further explored as RDAs were incorporated and became the primary delivery agents of the province's rural development program. It is in this chapter that the inner workings of the associations—their structure, membership, funding and activities—are also described. Chapter five examines the issues RDAs faced in the 1980s and the subsequent crisis in which the movement found itself. Continuing on this theme, chapter six describes the events and policies of the 1990s that signalled the formal beginning of the end for RDAs, while chapter seven provides an overview of developments in government's rural development program since the funding was eliminated. The final chapter analyzes the provincial government's decision to cease RDA funding in an attempt to understand the true reasoning behind it. It presents the insights gained from the research, highlights the contributions of the study, and identifies avenues for further exploration.

1.4 Methodology and Sources

While regional development has been the subject of considerable policy review and analysis at the national and provincial levels for many years, the subject has not been as attractive to academics. Donald Savoie has written extensively on regional development and suggests that the lack of academic analysis may be related to the fact that the subject does not fit into any particular discipline. Instead, it has numerous components that are of interest to students of a variety of disciplines including political science, sociology, public policy, public administration, economics, geography and

demography.¹⁰ He also suggests that the difficulty researchers have in gathering information on the subject might contribute to the lack of scholarly analysis. According to Savoie, the majority of regional development programs are carried out through federal-provincial agreements and information on intergovernmental programs is not always readily available to researchers nor is it necessarily adequately maintained.¹¹ This was certainly observed in the preparation of this study.

Whatever the reason, the attention given to regional development as it pertains to the rural development movement within Newfoundland and Labrador has been limited. While there is a great deal of information on the social and economic needs of rural people in the province, there is little substantial information available describing the program that was responsible for addressing these needs. Similar observations can be made of documented information describing Regional Development Associations. Although the first RDAs in the province were formed forty years ago, the literature concerning them is surprisingly sparse and little has been done in terms of examining or even documenting their operations and activities. The extent of the academic neglect can be seen in the small number of published accounts that study development associations. In fact, only one major work exists on RDAs in Newfoundland and that, written by Bernard Brown in 1970, is quite outdated. Most of the remaining published material is presented as sections in background reports produced for the Royal Commission on

¹⁰ Savoie, *Regional Economic Development*, 5.

¹¹ Ibid.

Employment and Unemployment in Newfoundland in the mid 1980s. There are also papers written by provincial government employees within the various departments responsible for rural development throughout the years, particularly the Research and Analysis Division within the Department of Rural, Agricultural and Northern Development during the 1980s and early 1990s. Much of this material does not focus on the RDA program specifically; rather, it includes merely a brief history of how the associations came into being and an overview of government policy concerning them.

There is also a small amount of useful unpublished literature, such as that by Stratford Canning and Frederick Johnstone, but much of that dates back to the late 1960s and 1970s when attempts to organize the associations were at their peak. The only real exception is a Masters thesis written in the mid 1990s by David Curran, a former member of the RDA movement, which examined the social and political dynamics of the movement. Beyond this, the rest of Newfoundland's Regional Development Association history is buried within newspapers and magazines in the form of journalistic commentaries and news stories. This is particularly true for the past decade as, with the exception of newspaper articles, there is a complete absence of any detailed account of the events and upheaval within the RDA movement. While some of the material provides insight into how the decision to discontinue funding the movement was reached, information is scattered and sketchy at best.

It is also worth noting that most of the available literature has been written by people directly involved with the rural development movement itself.¹² RDAs have received little attention from objective researchers outside the movement or government and nowhere in the literature is there a critical analysis of RDAs or a comprehensive history of these organizations. Even the later works proposing new directions for rural development offer minimal analysis and contribute little except the same basic facts about development association history. The failure to delve into a deeper analysis of RDAs has created a literature collection that, in many instances, provides little more than a romanticized view of the associations and their work.

Much of the information for this study was gathered from various documents, articles and studies written either by or about RDAs since they have come into existence. In addition to the sources already referenced, heavy reliance was placed on newspaper articles and on government documents such as royal commission background reports, task force reports, budgets, consultation papers, cooperative agreements and program evaluations.

¹² As mentioned, David Curran was involved with the RDA movement through his work as a development worker with MUN Extension Service for twenty years. Other examples include Bernard Brown who once served as president of the NLRDC; John Curran is a former executive director of the NLRDC; Gerard O'Reilly is a former deputy minister in the provincial Department of Rural and Northern Development; Bill Rowe was the minister of Community and Social Development; and Richard Fuchs is a former employee of the Research and Analysis Division of the Department of Rural Development and also the Economic Recovery Commission.

CHAPTER 2

FACTORS IN THE EMERGENCE OF THE RURAL DEVELOPMENT MOVEMENT

2.1 Introduction

This chapter examines the historical factors and economic policies of the post-confederation period that led to the emergence of the rural development movement in Newfoundland and Labrador. It begins with a description of the early settlement structure in the province and examines the implications for future demographics and community development. This is followed with a review of provincial economic development policies of the 1950s and 1960s and their impact on rural areas. The chapter concludes with a discussion of the precarious situation in rural Newfoundland in the mid to late 1960s and how it created ripe conditions for the emergence of Regional Development Associations.

2.2 Settlement Pattern

Before engaging in a discussion concerning development associations, it is important to first consider why such organizations would be needed. To do this one must look at Newfoundland history, particularly the settlement pattern of the province.

Perhaps the most identifiable characteristic of Newfoundland is the fishery and, indeed, it was the relative abundance of fish in Newfoundland waters that drew the early settlers to the island in the first place. Soon after John Cabot discovered Newfoundland in 1497 and reported that its waters were 'swimming with fish,' fishermen from Europe came to the island. These fishermen came in the spring of the year, returned to Europe in

the fall and few permanently settled in Newfoundland. This practice continued for centuries and, as late as the 18th century, Newfoundland was described as “something more than a fishing station, something less than a colony.”¹³

Settlement in Newfoundland was discouraged. British fishing interests regarded the presence of independent fishermen in Newfoundland as a threat to their monopoly and they convinced the British Parliament to pass laws forbidding permanent residence on the island. These “anti-settlement” laws required that all buildings in Newfoundland be taken down every fall¹⁴ and British Naval authorities were ordered to seek out settlers and burn their houses.¹⁵ Consequently, it is often suggested that those who decided to stay on the island had to settle in coves and inlets along the coast where they would be hidden and isolated. Whether this is accurate, by the time the laws were revoked in 1824, over 50,000 people were nevertheless living in Newfoundland.¹⁶

Even when the anti-settlement laws were lifted, the type of salt fish trade conducted in Newfoundland continued to promote dispersed settlement patterns along the coast as fishermen searched for a suitable place from which to carry out their fishing. By

¹³ S.J.R. Noel, *Politics in Newfoundland* (Toronto: University of Toronto Press, 1971), 4.

¹⁴ Noel Iverson and D. Ralph Matthews, *Communities in Decline: An Examination of Household Resettlement in Newfoundland* (St. John's: ISER Books, 1968), 1.

¹⁵ Ottar Brox, *Newfoundland Fishermen in the Age of Industry: A Sociology of Economic Dualism* (St. John's: Institute of Social and Economic Research, Memorial University of Newfoundland, 1972), 1.

¹⁶ Brian C. Bursey, *A Half Century of Progress? A History of Economic Growth and Development in Newfoundland During the Modern Period, 1930-1980* (n.p., 1980), 2.

1911, there were approximately 1,400 settlements throughout Newfoundland and Labrador, 81 percent of which had a population of less than two hundred.¹⁷

The settlement pattern evident at the turn of the nineteenth century has remained intact and the province's population has remained considerably rural based. According to the 2001 Census, there were 512,930 people spread across the 370,502 square kilometres of Newfoundland and Labrador, giving the province the distinction of having the most dispersed population of any of the Canadian provinces, as well as the lowest population density of any province at 1.4 people per square kilometre.¹⁸ At that time, almost half of the province's residents, 47.4 percent, lived in a rural area despite continued attempts to centralize people, services and employment.¹⁹ It is no wonder then that community and rural development have been at the centre of Newfoundland's challenges for development.

2.3 Rural Newfoundland as the Bane of Advance

The unique settlement history has created somewhat of a dichotomy in Newfoundland and Labrador. On one hand, it has produced a distinct province in which

¹⁷ "The Role of Regional Development Associations and Their Contribution to Rural Planning in Newfoundland and Labrador - Some Preliminary Findings," Paper presented at the Seminar on the Atlantic Provinces, Edinburgh University, 1985, 5.

¹⁸ Statistics Canada, *2001 Census of Canada, Population Counts, Land Area and Population Density, for Canada, Provinces, and Territories, 2001 Census*, [database online]. Ottawa, 2002 [accessed November 17, 2005]. Available from: <<http://www12.statcan.ca/english/census01/products/standard/popdwel/Table-PR.cfm?T=2&S=0&O=A>>.

¹⁹ Statisticians within the Newfoundland and Labrador Government define a community as "rural" if it has a population of 5,000 or less and it is not part of the Census Metropolitan Area or any other census agglomeration in the province (referred to as the Newfoundland and Labrador Statistics Agency Definition). This figure is based on the 2001 Census data as modified by the Newfoundland and Labrador Statistics Agency, Economic and Statistics Branch, Department of Finance. E-mail to the author. 28 July 2004.

small fishing outports, and the traditional lifestyle embraced in them, are the essence of Newfoundland culture. At the same time, however, these outports and the rural way of life are often perceived as the main impediment to economic and social advancement of the province.²⁰ Related to this is an unspoken assumption that is pervasive in Newfoundland that if the rural economy could be stimulated, the economic prosperity of the entire province would follow.

Attempts to stimulate rural development in Newfoundland can be traced back as early as the latter half of the nineteenth century. Even then, recognizing that the traditional fishery was approaching the limits of extensive growth and market saturation, the government advocated resettlement and diversification of the economy. In 1899, the Newfoundland Agricultural Commissioners suggested that:

...when fishing settlements which have no good lands become congested, the government [should] give assistance to the settlers to move to other localities where they may have better facilities to carry on farming in conjunction with the fisheries.²¹

Again in 1938, in a report to the Commission Government on rural reconstruction in Newfoundland, J.H. Gorvin advocated “alternative occupations” to ease rural

²⁰ Many authors make this point including Richard P. Fuchs, ““Half a Loaf is Better Than None”: The Newfoundland Rural Development Movement’s Adaptation to the Crisis of Seasonal Unemployment,” in *The Canadian Welfare State: Evolution and Transition*, ed. Jacqueline Ishmael (Edmonton: University of Alberta Press, 1987) 192; Stratford Canning, “*Existence Rationality*” and *Rural Development Policy in Newfoundland* (St. John’s: Center for the Development of Community Initiatives, Memorial University of Newfoundland, 1975) 4; and “The Role of Regional Development Associations,” 5.

²¹ *Report of the Agricultural Commissioners appointed by the Government to Enquire into Agriculture and Industries* (St. John’s: Evening Herald Office, 1899), as quoted in “The Role of Regional Development Associations,” 2.

unemployment.²² Gorvin argued that any efforts to stimulate the rural economy should involve local residents, include further study of the fishery, and be undertaken within a regional framework. He proposed a strategy for rural reconstruction whereby Newfoundland would be divided into twenty geographic regions, each with its own Regional Development Council. These councils, consisting of a chairperson and representatives from communities and sectors across the region, would coordinate the activities within the regions.²³

2.4 Economic Development Policy, 1949-1972

When Newfoundland joined Confederation in 1949, the rural population remained widely dispersed and this was a major impediment to the provision of modern services. Consequently, many of the things that were regarded as basic elsewhere in Canada—such as electricity, telephones, hospitals and up-to-date schools—were lacking in rural Newfoundland. Roads were virtually non-existent on the island and many Newfoundlanders lived on offshore islands where road contact was impossible. In fact, many communities were accessible only by boat and it was often difficult to find qualified professionals who were willing to live in such isolation. The fishery continued to be the mainstay of the provincial economy but the salt fish trade was in decline and

²² J.H. Gorvin, *Papers Relating to a Long Range Reconstruction Policy, Interim Report on Rural Reconstruction*, vol. 1 (St. John's: Long Brothers, 1938), 20.

²³ *Ibid.*, 27.

unemployment rates remained significantly higher in rural areas than in urban Newfoundland.²⁴

Despite Gorvin's recommendations in 1938 to include the fishery in any attempt to stimulate rural development, economic development policies in Newfoundland during the 1950s and 1960s focused mainly on industrial development. This approach neglected the outport economy and, in particular, the fishery. During these years, costly and often unsuccessful industrial projects were the order of the day. When the projects failed, the Newfoundland government, under Liberal Premier Joseph Smallwood, pursued a policy of resettling many of the small and isolated communities of the province into larger "growth centres." Formal education, deemed integral to the development of a modernized society, was the focus of much government attention and funding during this period.

2.4.1 Industrialization

Almost immediately upon coming to power in Newfoundland in 1949, Smallwood launched a massive program of industrialization that would continue throughout his twenty-two year reign as premier. The program focused on attracting foreign investors to set up modern manufacturing industries in the province and, in that regard, was quite successful. Numerous new companies, in receipt of generous financing incentives from

²⁴ D. Ralph Matthews, "The Pursuit of Progress: Newfoundland's Social and Economic Development in the Smallwood Era," *Issues in Regional/Urban Development of Atlantic Canada, Social Science Monograph Series*, ed. Neil B. Ridler. vol. II (Spring 1978): 29.

the government, were established all across the province to manufacture everything from heavy machinery and cement to leather goods and chocolate.²⁵

This first phase of industrial development lasted from about 1950 to 1956, by which time all but a few of the companies had either failed or were in serious trouble. By the mid 1950s, the \$40 million cash surplus that Newfoundland had brought to Confederation was gone and there were few permanent jobs or economic benefits to show for it.²⁶ The development scheme itself was abandoned around the same time and the government shifted its interest to the large-scale development of natural resources. Tables 2.1 and 2.2 list the industries and projects established in Newfoundland in the 1950s and 1960s and their fate.

The resource development approach met with comparable results. It saw the creation of iron ore mines in Labrador, a hydroelectric plant in Churchill Falls, and an oil refinery in Come-by-Chance among others, all of which created a temporary construction boom and some permanent employment. The long-term benefits of these projects, however, were nowhere near as significant as the resource giveaways or the tax and royalty concessions associated with them. Consequently, it was largely agencies from outside Newfoundland that profited the most from the development of the province's resources. The most noteworthy example is the Churchill Falls Hydro Development

²⁵ For additional information see Doug Letto, *From Chocolate Bars to Rubber Boots: The Smallwood Industrialization Plan* (Paradise, Newfoundland: Blue Hill Pub., 1998).

²⁶ Economic Council of Canada, *Newfoundland: From Dependency to Self-Reliance* (Hull: Supply and Services Canada, 1980), 5.

Project that continues to supply Hydro-Quebec with hundreds of millions of dollars annually.

This large-scale industrial development was pursued in Newfoundland largely to the detriment of rural development. Smallwood had little faith in the viability of the inshore fishery or the outport economy and, in line with the government's broader development approach, concentrated his plan for fisheries development on the more industrialized offshore fishery. The perception was that small and scattered fishing settlements impeded economic development. The argument was that if any industry was to ever work in Newfoundland—including the offshore fishery—the dispersed population would have to be centralized. Thus, with industrialization came the policy of resettlement.

Table 2.1
Publicly Financed Manufacturing Industries Established in Newfoundland, 1952-1957

<u>Name (location)</u>	<u>Opened</u>	<u>Public funds</u>	<u>Status as of 1986</u>
North Star Cement (Corner Brook)	1952	Government funded	Successful
Newfoundland Hardwoods (Donovans)	1952	\$4 million	Successful
Atlantic Gypsum (Corner Brook)	1952	Crown Corporation	Successful
Atlantic Hardwoods (Donovans)	1952	\$1 million	Destroyed by fire. Re-established as Newfoundland Fibreply.
Newfoundland Tanneries (Carbonear)	1952	\$300,000	Closed 1957
Canadian Machinery and Construction Ltd. (Octagon Pond)	1952	\$2.5 million	Original operation marginal. Became Eastell Industries Ltd.
United Cotton Mills (St. John's) and Terra Nova Textiles Ltd. (St. John's)	1952	\$2 million	Sold for \$1 million, early 1960s. In receivership, 1986.
Hanning Electric Co. (St. John's)	1954	[unavailable]	Closed
	1953	[unavailable]	
Superior Rubber Company (Holyrood)	1953	\$2 million	Closed 1956
Koch Shoes Ltd. (Harbour Grace)	1953	\$1.5 million	Closed. Re-opened as Terra Nova Shoes.
Eckhardt Knitting Mills Ltd. (Brigus)	1955	[unavailable]	Closed
Atlantic Gloves Ltd. (Carbonear)	1956	[unavailable]	Closed 1957
A. Adler of Canada Ltd. (Bay Roberts)	1956	\$550,000	Closed
Gold Sail Leather Goods (Harbour Grace)	1957	[unavailable]	Closed 1960

Source: Modified from Newfoundland, Royal Commission on Employment and Unemployment, *Building on Our Strengths: Report of the Royal Commission on Employment and Unemployment* (St. John's: Queen's Printer, 1986), 47.

Table 2.2
Mega-Projects in Newfoundland, 1958-1972

<u>Project</u>	<u>Construction Phase</u>
Iron Ore Company of Canada (Labrador City-Wabush)	1958-62
Come-by-Chance Oil Refinery	1967-72
Long Harbour Phosphorus Plant	1968
Marystown Shipyard	1966
Bay d'Espoir Hydro Project	1964-72
Churchill Falls Hydro Project	1966
Labrador Linerboard Plant	1967

Source: Modified from David Curran, "Citizen Participation and Public Policy in Rural Development: The Rural Development Association Movement in Newfoundland and Labrador" (Thesis, St. Mary's University, 1992), 47.

2.4.2 Resettlement

The concept of government resettling people from one area to another within Newfoundland originated in the early 1950s. In 1954, the provincial Department of Welfare, apparently in response to requests from individual communities, began a program of assisting people to move from small communities mostly on offshore islands to larger centres on mainland Newfoundland.²⁷ To be eligible for financial assistance under this program, every resident of the community was required to sign a petition declaring their desire to move, although there were no restrictions as to where they could relocate. Initially, the government provided an allowance of \$150 per family. By 1958, the amount had increased to \$600. Under this plan, 115 communities comprising 7,500 people were resettled between 1954 and 1965.²⁸

²⁷ Frederick W. Rowe, *A History of Newfoundland and Labrador* (Toronto: McGraw-Hill Ryerson, 1980), 519-520.

²⁸ Matthews, "Communities in Transition," 75.

In 1965, a new resettlement program was introduced—this time, a joint effort between the Canadian and Newfoundland governments. This program maintained the basic principles of its predecessor although there were important differences. Unlike the first program, which permitted people to move wherever they chose, the new plan required that a committee of federal and provincial officials approve the new location and communities were encouraged to move to one of seventy-seven growth centers selected by government. Secondly, while the amount of the allowances had increased significantly under the new program, no assistance was paid until the family had actually moved. Finally, where 100 percent of residents had to agree to move under the original program, the new program required only 90 percent approval at first and this was later reduced to 80 percent.²⁹ The results of this program were more profound than the first. Between 1965 and 1972, 137 communities comprising 19,197 residents were moved—many before adequate jobs were available.³⁰

Studies have argued that rumour and intimidation were a large part of the resettlement process.³¹ People claimed they were pressured into moving both by neighbours who wanted to move and by government through threats of discontinued services to those communities that did not resettle.³² Government's reduction in the consent rate required to resettle seemed to support this claim. Though this centralization

²⁹ Ibid., 74.

³⁰ Matthews, "The Pursuit of Progress," 37.

³¹ Ibid.

³² Frederick W. Rowe, *A History of Newfoundland and Labrador*, 519-520.

of population was consistent with the economic development theories of that time, it was unpopular and resisted in many areas. Resettlement, arguably more than any other policy, was the catalyst for the emergence of the rural development movement in Newfoundland.

2.4.3 Education

Government's plan for industrialization required not only a centralized population but also an educated one. To that end, education was viewed to be an essentially economic program and, throughout the 1950s and 1960s, huge investments of public funds were put into improving education among people in the province.³³

When Newfoundland joined Canada, there were 1,182 schools throughout the province. Nearly a thousand of these were one or two room schools in rural areas in which one teacher was responsible for instructing students of all ages at once. Most of the teachers were not suitably qualified as only eighty-seven of the total 2,585 held the equivalent of a Bachelor's degree. Those who were qualified tended to teach in the schools in St. John's.³⁴ In fact, the lack of teachers in rural Newfoundland was often the main reason a community agreed to resettle.³⁵

Over the course of the following twenty years, tremendous progress was made in education. Regional schools were constructed, vocational schools were built across the province, and the junior college in St. John's became Memorial University. Recognizing

³³ Fuchs, "Half a Loaf," 193.

³⁴ Bursey, 491-493.

³⁵ Matthews, "Communities in Transition," 65.

that few Newfoundlanders would be able to afford post-secondary education, the government also established a generous system of scholarships and bursaries and, for a brief period, even offered free tuition at the university. The effects of these efforts were obvious as, between 1949 and 1972, the number of students attending university ballooned from just over 300 to almost 11,000. Moreover, by 1975, there were 7,690 teachers in the province—5,432 of whom held a Bachelor's degree.³⁶

The strong relationship between education, economic development and self-reliance is well documented and the modernization of education in Newfoundland had a significant impact on rural areas. It has been argued that higher educational attainment resulted in increased self-confidence and new attitudes among rural Newfoundlanders which in turn decreased dependency on the traditional paternalistic political system. Curran claims that the proliferation of schools and qualified teachers in rural areas produced a “new and rapidly expanded semi-professional class in rural Newfoundland...[that] would play a key role in the emergence and expansion of the rural development association movement.”³⁷ Thus, the government's emphasis on education to support industrialization ironically provided residents with the confidence that political activism could help them resist centralization and preserve their own communities.

³⁶ Bursey, 493-498.

³⁷ Curran, 54.

2.5 Rural Newfoundland in the mid to late 1960s

The policies of industrialization and resettlement had little success in affecting change in the province and, by the late 1960s, rural Newfoundland was in an economic and social crisis. The majority of Newfoundlanders still lived in small rural communities and while considerable progress had been made, many of these communities remained isolated and continued to lack basic services. It was not until 1965 that a paved road was completed across the province and a large number of communities were still without electricity, telephones, as well as adequate education and health services.

The fishery, too, was again in crisis and the impact on rural Newfoundland was profound. The “salt-bulk” fish that many people in rural areas had turned to producing received a lower market price and the average annual net income for an inshore fisherman in the province was only \$678 in 1966.³⁸ That same year, the average personal income in Newfoundland was \$1,291.³⁹ While those involved in the offshore fishery fared better, the rapid build-up of foreign fleets fishing on the banks of Newfoundland greatly reduced the volume of landings for Newfoundland vessels and seriously depleted the fish stocks. The situation worsened in 1968 when a third of the salt fish produced did not sell on the world market because of a lack of buyers, leading to the federal government buying the

³⁸ Matthews, “Communities in Transition,” 67.

³⁹ Newfoundland, Executive Council, *Historical Statistics of Newfoundland and Labrador*, vol. II (VII) (St. John's: Queen's Printer, 1994), 73.

surplus fish and donating it to the starvation relief effort in Biafra just to avert further disaster.⁴⁰

The decline in the fishery coincided with problems in many of the province's other industries. The mid to late 1960s saw the closure of mines, the shutdown of air and naval bases, the mechanization of the logging industry, the closure of an oil refinery and fish plants, and the end of the construction boom. The impact was devastating in the areas affected as a large number of jobs were eliminated.

The isolation of many of the small communities, combined with the precarious economic situation, led to a social crisis in rural Newfoundland. In many areas, outmigration became a fact of life as people moved elsewhere in search of better opportunities. In fact, the rate of emigration from Newfoundland was higher in the late 1960s and early 1970s than it had been in forty years.⁴¹ In many communities, it was generally the very young and the old that remained and, for those people, the threat of resettlement weighed heavy as it was widely speculated that the provincial government had a secret list of communities to be resettled.⁴²

By the late 1960s, the pattern of underdevelopment had created widespread discontent throughout Newfoundland, particularly in rural areas. People were disillusioned with the continued failed attempts to industrialize, the excesses of

⁴⁰ Ibid.

⁴¹ Matthews, "The Pursuit of Progress," 34.

⁴² Cato Wadel, *Marginal Adaptations and Modernization in Newfoundland* (St. John's: Institute of Social and Economic Research, Memorial University, 1969), as quoted in Peter Neary, *The Political Economy of Newfoundland, 1929-1972* (Toronto: Copp Clark Publishing, 1973), 258-259.

resettlement, the desperate economic conditions and the paternalistic government that, by then, had been in power over twenty years. People in rural Newfoundland were further frustrated with the constant dictum from the provincial government that the solution to their problems was to ‘burn their boats’ and move away from the rural way of life. Government’s emphasis on this way of thinking was clearly illustrated in an advertisement placed in provincial papers during the 1971 provincial election which depicted images of houses being floated and lifted onto wharves. The caption read, “The Liberal team is in action to encourage the economic and social development of the rural areas of Newfoundland.”⁴³

This discontent manifested itself in various ways. In the Canadian general election of 1968—which was won by the Liberal party—six of the seven Liberal candidates in the province were defeated. This was followed in 1971 with the defeat of the Smallwood Government as Newfoundlanders chose to elect the Progressive Conservatives whose platform rejected industrialization and emphasized rural development. The search for alternative models of social and economic development even attracted the attention of academics and a new Institute for Social and Economic Research was established at Memorial University. All the while, in rural Newfoundland, a significant rural development movement was emerging as groups of people were banding together to discuss alternative development policies for their own local areas.

⁴³ Liberal Party of Newfoundland, “The Liberals,” Advertising Supplement to the Free Press, 14 October 1971.

2.6 Summary

The dispersion of the Newfoundland population, combined with its heavy reliance on the cyclical fishing industry, has created special challenges for social and economic development in the province. In an attempt to promote development in the post-Confederation period, the provincial government focussed on a policy of industrialization and linked with this was an emphasis on the centralization and education of the population.

The effort to industrialize Newfoundland society had a profound impact on the province. With few exceptions, the numerous costly manufacturing and resource development projects undertaken during the 1950s and 1960s either failed or resulted in huge resource give-aways for the province. Meanwhile, the resettlement program—though perhaps begun with essentially humanitarian goals—had uprooted thousands of rural Newfoundlanders and was being resisted in many parts of the province. The one field in which modernization did prove relatively successful was in education. In fact, it is somewhat ironic that advanced education perhaps provided rural Newfoundlanders with the confidence to question and resist government modernization policies.

By the mid to late 1960s, the situation in rural Newfoundland was worsening and there was widespread discontent. The discontent eventually crystallized as people in rural areas formed groups to determine alternative plans for development. In such groups, the first Regional Development Associations were born.

CHAPTER 3

THE FIRST REGIONAL DEVELOPMENT ASSOCIATIONS

3.1 Introduction

This chapter examines the Regional Development Associations movement in their infancy. It provides an overview of how the first organizations came into being and answers questions as to why and where they emerged and what they were in the beginning. To do so, the chapter looks at three of the most significant early associations in detail. It also considers the role of Memorial University Extension Service in organizing the first associations as well as the connection between RDA emergence and the slow development of local government. Finally, it examines government's response to the associations and, in so doing, traces the progression of RDAs from disgruntled community groups to partners in public policy.

3.2 Origins and Goals of RDAs

The organizations referred to today as Regional Development Associations were hatched from the social and economic chaos in rural society during the 1960s. While there is no single explanation for their emergence, there is consensus among those who have studied or were part of the movement that the early associations arose either in response to government plans for resettlement or to a local economic crisis. In many instances, it was a combination of both of these factors.

The profound impact of the resettlement program, in particular, cannot be overstated. Government plans for relocating communities were most intense between

1967 and 1970 and, even in areas where resettlement was not imminent, the threat was ever-present. Fear of and dissatisfaction with the program prompted a tremendous response in various parts of the province. Many rural people had come to regard resettlement as something that would destroy the rural way of life and, in a number of cases, those who did not want to leave their homes formed community committees. Convinced that new opportunities could be developed for rural people where they were, these committees sent representatives to nearby communities and soon larger associations were formed.⁴⁴

While resettlement may have provided the impetus for the RDAs, the reality is that such a program would not have been necessary had the rural economy been sound. By the mid to late 1960s, many rural communities were suffering from severe and continuous economic decline and the desire for economic improvement—without relocation—led residents to embrace the concept of community development. In many instances, the formation of the RDA was directly linked to a particular local economic crisis. For example, the Bell Island Development Association formed when the iron ore mine closed in 1966 and over half of the population left the island community.⁴⁵

These first associations were essentially populist, self-help organizations established on the initiative of rural people themselves. They arose spontaneously across

⁴⁴ Newfoundland, Task Force on Community Economic Development, *Community Matters: The New Regional Economic Development, Report of the Task Force on Community Economic Development in Newfoundland and Labrador* (St. John's: Atlantic Canada Opportunities Agency, 1995), 28.

⁴⁵ Terry Morrison, *Development Associations: A Project Inventory (1968-1993)* (Gander: Newfoundland and Labrador Rural Development Council, 1993), E-1.

the province and typically included several neighbouring communities. In some areas, such as Fogo Island, existing organizations were expanded, while in others, such as Bell Island, entirely new groups were formed. While they varied in structure and organization, the RDAs were generally created to identify local development opportunities, seek financing for such initiatives and lobby government for improved services.⁴⁶

The earliest associations emerged on the Port au Port, Great Northern, and Eastport Peninsulas as well as in such areas as Fogo Island, Green Bay, Bell Island, and Lamaline. Perhaps because some RDAs were formed from existing organizations, perhaps because some were formed long before they were actually incorporated, or perhaps because so many emerged during the same period, there is a dispute between historians and local activists as to exactly where the first RDA emerged. Fuchs provides clarification in the dispute by distinguishing between the formation of an association and its incorporation.

...the first Regional Development Association was formed (but not incorporated) on the "French Shore" of Newfoundland (the Port au Port Peninsula) in 1964 and the first incorporated Development Association was established in 1967 on the Great Northern Peninsula of the island of Newfoundland.⁴⁷

⁴⁶ Fuchs, "Half a Loaf," 195.

⁴⁷ Richard Fuchs, "Rural and Community Economic Development in Newfoundland and Labrador," in *Community Economic Development in Canada*, vol. 2, ed. David J. A. Douglas (Toronto: McGraw-Hill Ryerson, 1995), 57.

3.3 Case Studies

The early RDAs operated independently and bore little resemblance to each other, apart from a desire to revitalize their regions. Of the seven that had formed by 1968, the organizations located on Fogo Island, the Great Northern Peninsula and in Eastport were perhaps the most notable. These groups provided the framework for future RDAs and, as such, are worthy of further examination.

3.3.1 The Fogo Island Improvement Committee

Fogo Island is located in Notre Dame Bay on the northeast coast of Newfoundland. It is the largest of the province's offshore islands and consists of eleven small communities. It is not surprising then that the Regional Development Association there had its roots in local demands for transportation linkages.

The RDA grew from the Fogo Island Improvement Committee which was formed in 1966 from the remnants of the Fogo Island Road Improvement Association. The latter had been created in 1963 to lobby for an improved roads system between communities on the island.⁴⁸ In addition to transportation issues, at the time, Fogo Island was facing a crisis in the local fishery, welfare caseloads were one of the highest in the province and there were strong rumours that island residents would be resettled to Gander Bay. Premier Smallwood himself, in an address to Fogo Island residents in 1967, summed up the plight of the island and the bleak options available to those who lived there.

⁴⁸ Robert L. Dewitt, *Public Policy and Community Protest: The Fogo Case* (St. John's: Institute of Social and Economic Research, Memorial University of Newfoundland, 1969), 50.

Fogo Island has no future unless big changes are made...it is foolish to think that families can live here with the things that they want now...You have three roads to choose from: 1) drift, where the consequence is death for Fogo Island; 2) resettlement, where the government would have to back you; or 3) development, if you are honest and God-fearing and ready for work. You will have to decide which road to travel.⁴⁹

The Improvement Committee decided to concentrate its efforts on resisting resettlement and promoting fisheries development. There were no elections for membership; rather, some of those who had been elected to the former committee stayed on and simply selected other individuals to become members. Occupational status was an integral determinant for membership on the committee and only those deemed to be 'good merchants, good fishermen and good islanders' were chosen.⁵⁰ The Committee was also more concerned with selecting members who were interested in Fogo Island as a whole than in ensuring equal representation from all communities, though each settlement on the island was guaranteed at least one executive member.⁵¹ While fishermen comprised 70 percent of the membership, it was mostly the merchants and professionals who occupied the leadership positions of the Fogo Island Improvement Committee during the early years.⁵²

Much of the Improvement Committee's activities centered on sending letters and petitions to government, as well as developing newspaper and radio announcements regarding fisheries and community services issues. Since the Committee received no

⁴⁹ Fieldnotes from an address by the Premier of Newfoundland to the people of Fogo Island (23 September 1967), as quoted in Dewitt, 13.

⁵⁰ Dewitt, 59.

⁵¹ Ibid., 54-55.

⁵² Ibid., 60-61.

government funding, these activities were financed through member contributions.⁵³

Through its work, the Committee was able to improve roads in the area, recruit a doctor for the island, and establish fisheries infrastructure among other things.⁵⁴ Perhaps the most significant accomplishment of the Committee related to the creation in 1968 of the Fogo Island Shipbuilding and Producers Co-operative, which built and sold eight longliners to local fishermen in its first three years of operation and continued to bring economic life to the island in the years ahead.⁵⁵ The Fogo Island Improvement Committee credited itself with having staved off the threat of resettlement and, in the late 1960s, was recognized by the local member in the provincial legislature as “the only island-wide association reflecting the wishes of the Fogo Island people.”⁵⁶

3.3.2 The Northern Regional Development Association

The Northern Regional Development Association (NRDA) was formed in June 1967 on the Northern Peninsula of Newfoundland, a physically isolated area consisting of dozens of small communities stretched along more than two hundred kilometres of coastline. NRDA was established following a Memorial University Extension Service conference held in Brig Bay in April of that same year. The conference was conducted at the request of fishermen and co-operatives in the Northern Peninsula area.⁵⁷ At the time, the peninsula was suffering from chronic unemployment, local transportation and

⁵³ Ibid., 70-71.

⁵⁴ Minutes of Fishermen’s Conference (Fogo Island, March 1967), as quoted in Dewitt, 69.

⁵⁵ Curran, 69.

⁵⁶ Dewitt, 70.

⁵⁷ “Regional Development Association Formed on the Northwest Coast,” *Decks Awash*, 1 (2) 1968, 4.

communication services were among the worst in the province, and there were serious concerns about the threat of resettlement.

NRDA was the largest of the early associations as its sphere of operation covered the entire northwest coast of the province. The peninsula was divided into zones and, unlike Fogo Island, elections were held in each zone to select representatives to the association. NRDA's membership consisted of local business people, teachers, community activists, and fishermen and it acted largely as a lobbying group in support of a wide range of local development issues. While much of its emphasis was fisheries related, projects undertaken by the association in its formative years were vast in scope. It pressured both levels of government to establish a 12-mile jurisdictional limit off Newfoundland's shores and to patrol the northern region's waters in an effort to protect the inshore fishery from trawlers and draggers. When such vessels damaged inshore fishing gear, NRDA filed legal complaints against the vessels and lobbied government to gain compensation for the fisherman. The association also organized meetings and petitions to lobby for such basic services as electricity, radio and television service, a bank, fuelling facilities for fishermen, and even a snow blower.⁵⁸

NRDA was the most radical of the early associations, as it often organized strikes and protests, and even threatened the use of violence to help achieve its goals.⁵⁹ This approach proved very successful for NRDA in attracting media attention and utilizing it

⁵⁸ Ibid., 4-5.

⁵⁹ Curran, 75.

to further its causes. As was the case in Fogo Island, NRDA received no government funding to operate and, in fact, prided itself on being completely independent of government. Its operation depended solely on the voluntary purchase of annual membership cards that cost \$1.50.⁶⁰

It was this staunch independence that eventually led to NRDA's demise in 1971 when government, in its formal program for rural development, declared the association ineligible for funding because it would not conform to its assigned boundaries. NRDA soon folded and was eventually replaced by six separate Regional Development Associations on the Northern Peninsula.⁶¹

3.3.3 The Eastport Committee for the Development of Progress

Eastport is the central of seven towns comprising the Eastport Peninsula located on the east coast of Newfoundland. In 1967, after various municipal councils in the area had made repeated requests for government funding and been denied, the Eastport town council approached government directly. From this followed a series of meetings with neighbouring communities and the eventual creation of a committee representing the entire peninsula. By 1968, it was formally referred to as the Eastport Committee for the Development of Progress.⁶²

⁶⁰ "Regional Development Association Formed on the Northwest Coast," 4.

⁶¹ Lawrence F. Felt and Peter R. Sinclair, "Is Locally Controlled Development Possible?: The Experience of The Great Northern Peninsula Development Corporation," in *Living on the Edge: The Great Northern Peninsula of Newfoundland*, eds. Lawrence F. Felt and Peter R. Sinclair (St. John's: Institute of Social and Economic Research, 1995), 186.

⁶² Morrison, C-32.

While the roots of most of the early RDAs were linked to resisting resettlement or responding to a specific economic crisis, the Eastport Committee was an exception. This Committee grew out of general concerns about a lack of development in the Eastport area and, from the beginning, formed a close partnership with the provincial government. Beginning in 1968, the Department of Community and Social Development provided funding to the Eastport Committee to carry out development projects and to hire a development coordinator.⁶³ These projects were conducted in close collaboration with government and most were aimed at developing local resources. They included such initiatives as bogland and pastureland development as well as the construction of greenhouses and vegetable storage sheds.⁶⁴

Similar to NRDA, membership in the Eastport Committee was organized on a community basis. Each community in the region elected a five member local committee at a public meeting. One member from each community committee was then elected to the Eastport Committee for the Development of Progress.⁶⁵

Perhaps because the Eastport Committee started as a joint community-government effort, many aspects of its structure and operations were adopted in future RDAs. In fact, the Eastport Committee became a model for the Newfoundland government's rural development program and the province-wide network of RDAs that emerged in the years that followed.

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ Curran, 72.

3.4 Role of Memorial University Extension Service

As mentioned, Memorial University Extension Service played an important role in organizing NRDA on the Northern Peninsula in 1967. In fact, the Extension Service assisted many of the early RDAs. It was perhaps more than coincidence that these associations first formed in areas where university fieldworkers were working.⁶⁶

The University Extension Service aimed to provide adult education, but in many instances local groups or communities approached the fieldworkers for organizational assistance and advice. Fieldworkers provided support and resources to the RDA movement through workshops and conferences on a variety of topics such as leadership development, media relations, and how to organize meetings. Because they were located in rural areas across the province, fieldworkers also served as an important link between the associations initially. In fact, it was the Extension Service that brought the earliest RDAs together for a series of meetings that resulted in the formation of the Newfoundland and Labrador Rural Development Council in 1969.⁶⁷

3.5 Connection to Local Government

With their emergence, RDAs provided structure at the rural level which was, for the most part, politically unorganized. Municipal government had been slow to develop in Newfoundland and, in 1967, only 152 of the province's settlements had some form of

⁶⁶ Canadian Council on Rural Development, *Review of the Local Development Associations* (Ottawa: Minister of Supply and Services, 1979), 5.

⁶⁷ *Ibid.*, 6.

local government.⁶⁸ In fact, there were very few local organizations of any sort in rural Newfoundland. In many small communities, people depended almost exclusively on the locally elected provincial politician, the local merchant and the local clergyman to represent their interests. Of course, this was neither democratic nor representative.

Although there had been significant growth in municipal government by the mid 1970s, this increase said little for its quality. The Smallwood administration had maintained tight control over local governments and, compared to those in other provinces, municipalities in Newfoundland were generally poorly developed and overly dependent on the provincial government.⁶⁹

While perhaps not a direct factor in RDA emergence, the slow development of local government in Newfoundland did have implications for the rural development movement. First, with no municipal government to represent their interests, the need for some form of local representation in rural areas was acute. As development associations emerged, it became apparent that they would fill this void and provide the necessary medium for local representation. This was noted in the Newfoundland and Labrador Rural Development Council's brief to the Royal Commission on Employment and Unemployment in 1986.

⁶⁸ John C. Crosbie, "The Boom in Municipal Government," in *The Book of Newfoundland*, vol. 4, ed. Joseph R. Smallwood and Associate ed. James R. Thoms (St. John's: Newfoundland Book Publishers (1967) Ltd., 1967), 409.

⁶⁹ For a detailed examination see the report of the Royal Commission on Municipal Government in Newfoundland and Labrador, 1975.

In a province in which local government is a relatively new phenomenon, development associations help fill the gap between the individual community and a strong—some would say too strong—central government, creating a greater awareness of the way government works and doesn't work, and how to use it to best advantage.⁷⁰

In fact, many of the functions performed by the early RDAs were similar to those carried out by municipal governments in other areas, such as lobbying for improved roads and services. Secondly, because they had little autonomy and limited power, municipal councils were not considered appropriate vehicles for rural development in Newfoundland.⁷¹ As such, when the provincial government finally devised a program for rural development, RDAs were the organizations selected to administer it.

3.6 Government's Response to the RDA Movement

The absence of independent local organizations in Newfoundland had served to enhance the power of the provincial government throughout the 1950s and 1960s, and Premier Smallwood preferred it this way. Thus, when the original RDAs established themselves independent of government, it was not surprising that government regarded them with suspicion. The first RDAs, by their very nature, were critical of government policies and took an anti-government stand on most issues. As such, an uneasy relationship existed between the associations and government during the early phase of the movement.

⁷⁰ David Simms, *Rural Development in Newfoundland and Labrador: A Legitimation Crisis*, Background Report for the Royal Commission on Employment and Unemployment (St. John's: Queen's Printer, 1986), 44.

⁷¹ Canada, Agricultural Rehabilitation Development Administration, *ARDA III, Newfoundland Rural Development: A Cost Sharing Program of Rural Development under the Federal-Provincial 1971-1975 ARDA Agreement* [n.p.], 26.

3.6.1 Phase I: Experimental Funding

By 1968, there were seven RDAs in Newfoundland with a few others in different stages of formation. With varying degrees of success and public attention, these groups were becoming an important force in determining and acting on the developmental priorities in their regions. They began to meet and cooperate with one another and, in 1969, formed an umbrella organization known as the Newfoundland and Labrador Rural Development Council (NLRDC).

Before long, the associations realized the difficulties in arranging local financing for their proposed development initiatives and they approached the provincial government for funding. The Liberals relented in 1969 and, based on the success of the Eastport process, provided \$10,000 funding to each of the other six associations to cover administrative expenses.⁷² The provincial government acknowledged the growing significance of the rural development movement and appeared to have become supportive. Bill Rowe, then minister of the Department of Community and Social Development, wrote at the time:

...the people of the province must be more involved in the planning of what is to be their future here...That is why over the past few years we have been so interested in the formation of various area and regional development associations. Such associations have been formed by the people themselves in order to enable them to come together to discuss their common problems...The Department...has provided some measure of assistance to such organizations in an effort to help them to help themselves.⁷³

⁷² Newfoundland, *Community Matters*, 28.

⁷³ William N. Rowe, *A Social and Economic Development Program for Newfoundland and Labrador in the 1970s* (St. John's: Department of Community and Social Development, Newfoundland, 1970), 86.

3.6.2 Phase II: Formal Recognition

The Smallwood government declared its full-fledged support for the rural development movement in 1971 with the introduction of a comprehensive program for RDAs. At the time, there were fifteen development associations in the province representing over 77,000 people.⁷⁴

Unveiled at a major economic conference in St. John's, the program included a plan to establish forty-six development associations across the province and provide them with support funding. Beginning in April of that year, each association would be granted \$10,000 to cover administrative costs and hire a full-time employee while the NLRDC would be provided with \$25,000 to do the same.⁷⁵ The bulk of the funding for this program was to come from a new federal-provincial agreement that was under negotiation, but the financial support would come with conditions. The geographical boundaries of these associations would be government assigned and only those established in accordance with government's plan would be recognized and deemed eligible for support. At the time, Minister Rowe emphasized government's vision of what RDAs should be.

⁷⁴ Robert Thompson, *Persistence and Change: The Social and Economic Development of Rural Newfoundland, 1971-1981* (St. John's: Research and Analysis Division, Department of Rural, Agricultural and Northern Development, 1983), 189.

⁷⁵ Newfoundland, *Newfoundland Government Bulletin* (St. John's: Government of Newfoundland, February 1971), 8.

First, they should not be dependent on the Government. The whole reason for their existence is to allow the people in a development area to help themselves. The \$10,000 annual grant to an association is not intended to be a handout. It is intended to make each association independent and self-sufficient and to stand on its own feet and to come up with its own ideas. It is hoped that the associations will be able to raise additional money on their own, either by membership fees or otherwise and thereby become even more financially independent of the Government in their operations. The whole idea behind ...Rural Development Associations is that the people themselves in any given area must have a large say in planning their own destiny.⁷⁶

3.6.3 Phase III: A Formal Rural Development Program

In March of 1972, RDAs were given an additional boost with the election of a new party and a premier who openly acknowledged his support for rural Newfoundland and the outport way of life. The Progressive Conservatives, under Frank Moores, adopted a program for rural development patterned closely on that announced by the Liberals in 1971. The program was to be co-funded with the federal government and Moores established a separate Department of Rural Development to oversee its administration. The creation of this department formalized the relationship between government and RDAs. Beginning with the signing of the federal-provincial *Agricultural and Rural Development Act* (ARDA) III agreement in 1974, RDAs were officially identified as the delivery system for the government's rural development program. Annual administration grants and eligibility to apply for project funding were key components of this program, as was organizational assistance and training programs for RDAs.

⁷⁶ Ibid.

3.6.3.1 Administrative Funding

The new program retained the principle of providing each RDA and the NLRDC with an annual administrative grant. In the case of individual RDAs, this grant was increased by \$2,500 to \$12,500. The grant was conditional and, to be eligible for funding, an RDA was required to: (1) be incorporated under the *Provincial Companies Act*; (2) have representation from at least 75 percent of the communities within the RDA region; (3) have all members attend training seminars; and (4) have its boundaries approved by government.⁷⁷ Moreover, renewal of the administrative grant was dependent on the RDA submitting quarterly activity reports and an annual audit report to the government department, as well as minutes of the annual meeting and a list of newly elected officers.⁷⁸ Meeting these criteria played a large role in standardizing and formalizing RDA structure.

3.6.3.2 Project Funding

In addition to the administrative funding, special grants were made available through the ARDA III agreement to allow local organizations to undertake community and regional development projects of their own. Although government reserved final approval for such projects, it considered only those applications that had been approved

⁷⁷ Frederick Johnstone, *Rural Development in Newfoundland: The Newfoundland Rural Development Program in the 1970s* (St. John's: Department of Sociology, Memorial University of Newfoundland, 1980), 39.

⁷⁸ Gerard J. O'Reilly, *Newfoundland's Rural Development Approach: Its Implications for Developing Countries* (St. John's: Institute of Social and Economic Research, Memorial University of Newfoundland, 1987), 61.

by the RDA.⁷⁹ This process encouraged cooperation among local groups and also served to enhance the role of the development association. Project funding was particularly important to RDAs because it enabled them to develop and improve infrastructure in local areas while providing much needed employment for rural Newfoundlanders. The role of RDAs in providing employment is discussed further in chapter four.

3.6.3.3 Organizational Assistance and Training

An integral component of the Moores government's program was the development fieldworker. These individuals were employed by the Department of Rural Development and interacted with RDAs on a daily basis. They were located in various regions throughout the province and, in many ways, performed a similar role to that of the University Extension Service fieldworkers of the late 1960s. Johnstone describes their job as being two-fold: to encourage development in rural areas and to keep government informed of such developments.⁸⁰ In this capacity, fieldworkers helped organize new RDAs, assisted associations with their work, guided RDA membership to ensure fair representation, and made recommendations to government regarding administrative and project funding.

Government also placed heavy emphasis on training programs and information services for development associations. The Department of Rural Development conducted workshops and seminars to help RDA members acquire the skills necessary to make their

⁷⁹ Canadian Council on Rural Development, *Review of the Local Development Associations*, 7-8.

⁸⁰ Johnstone, 40.

associations operate effectively.⁸¹ Programs were offered in meeting management, public relations, civic cooperation, proposal writing, financial management, and a variety of other topics. As mentioned, participation in these seminars was a criterion for administrative funding. An information section was also established within the department to provide information on the various rural development programs and government programs in general.⁸²

3.7 Summary

Economic and social improvement is the underlying principle of community development. As such, community based initiatives are often embraced as the solution to problems when a community is suffering. This is evident in the origins of RDAs as many emerged in response to a local economic crisis or plans for resettlement. In many regions, these associations emerged before municipal government was organized and were thereby the first forms of autonomous secular organization to reflect local concerns about social and economic progress. While government initially regarded the RDA movement as a threat to its authority, within a decade of their emergence, the associations were given full recognition as partners in the rural development process.

⁸¹ O'Reilly, 62-64.

⁸² Ibid., 64.

CHAPTER 4

PARTNERS IN PUBLIC POLICY

4.1 Introduction

This chapter examines the rural development movement as an institutionalized component of public policy in Newfoundland and Labrador. In so doing, it details the organizational structure of the movement and the composition of its membership. It also looks at the various funding arrangements and project activities of the Regional Development Associations.

4.2 Expansion of the Movement

With their institutionalization in the early 1970s, RDAs underwent somewhat of a metamorphosis. They remained largely voluntary organizations and their mandate continued to focus on the economic and social improvement of rural areas. However, RDAs were now provincially incorporated institutions and considered the “primary vehicles for community-based development and employment creation in Newfoundland.”⁸³

With the support of government, there was exponential growth in RDAs. The availability of administrative grants, eligibility for project funding and the assistance available through government fieldworkers all served as powerful enticements for many rural areas. Not surprisingly, the number of associations increased rapidly across the province.

⁸³ Simms, *Rural Development*, 31.

When ARDA III was signed in 1974, there were seventeen RDAs and ten rural development fieldworkers throughout the province.⁸⁴ In the seven years that followed, RDAs nearly tripled in number and, by 1981, there were forty-eight associations representing over 80 percent of the province's rural population.⁸⁵ As Table 4.1 illustrates, it was during this period that the RDA movement experienced the bulk of its growth.

Table 4.1
Growth of RDAs and Proportion of Rural Population
Represented, 1971-1981

<u>Year</u>	<u>Number of RDAs</u>	<u>% of Rural Population in RDAs</u>
1971	15	27
1976	29	54
1981	48	83

Source: Summarized from Thompson, 169-70.

By 1987, the number of associations had increased again to fifty-five and the majority of the province's total population lived within RDA boundaries.⁸⁶ With most of Newfoundland and Labrador represented, the formation of RDAs began to level off. The last development association was established in 1992. It was the fifty-ninth in the province's network of RDAs.⁸⁷

⁸⁴ Newfoundland, *Community Matters*, 29.

⁸⁵ Newfoundland, *Persistence and Change*, 169-170.

⁸⁶ Newfoundland, Department of Rural, Agricultural and Northern Development, *A Proposal for Comprehensive Rural Development Through Canada-Newfoundland Rural Development: Subsidiary Agreement III* (St. John's: Research and Analysis Division, Department of Rural, Agricultural and Northern Development, 1987), 19.

⁸⁷ For a detailed listing of RDAs and the areas they served see Morrison, Appendix.

4.3 Organizational Structure

4.3.1 RDA Organization

As agents for the provincial government's rural development program, RDAs were required to adopt more formalized structures and guidelines for membership. Thus, development associations that arose spontaneously and varied considerably in terms of organization, membership and size prior to government involvement, now formed according to government guidelines and, in a sense, became standardized.

To establish an RDA, individuals interested in forming an association were first required to meet with representatives from the provincial government. Both parties worked together to determine the geographic boundaries of the proposed RDA and meetings were subsequently held in each of the communities within the defined region. The boundaries were flexible and generally self-defined on the basis of geography or traditional relationships between communities. Elections were held in at least 75 percent of the communities to establish local committees. In a few instances, the RDA was organized on the basis of zones, whereby each zone represented a group of communities. Representatives from the various local committees, in turn, formed the RDA.⁸⁸

Each RDA was comprised of an executive and a board of directors. The executive was drawn from the board of directors and typically consisted of a president, vice-president, secretary, and treasurer. In some cases, the two latter positions were combined. The board of directors of the RDA normally included one or two elected representatives

⁸⁸ O'Reilly, 84-85.

from each community within the association's boundaries and, thus, varied in size depending on the number of communities represented. Individual RDAs served an average of ten communities, though some represented as few as three while others represented more than twenty.⁸⁹ The population of member communities was not usually considered in determining representation on the board of directors and, as such, small communities often had representation equal to that of much larger ones. A limited number of associations also included representation from other organizations within the region, such as community councils or fishermen's committees. The election of officers was held annually.

RDAs also established a sub-committee structure to represent various development sectors such as the fishery, agriculture and tourism. These committees normally consisted of people from those communities or sectors most directly involved with the issue and, therefore, often included outside membership. Joint committees were also formed between various RDAs when the scope of a topic required broader input.⁹⁰

4.3.2 Development Coordinators

Each RDA employed a full-time development coordinator to carry out the administrative work of the association. The coordinator was the only paid position within the organization and a very important component of the RDA structure.⁹¹

⁸⁹ Morrison, Appendix.

⁹⁰ Simms, *Rural Development*, 38.

⁹¹ Ibid.

While their role varied between associations, development coordinators were generally responsible for the day-to-day operations of the RDA. In this capacity, their duties included everything from ensuring that the monthly telephone bill was paid to supervising economic development projects. Coordinators conducted research, wrote letters, prepared proposals, acted as information officers for area residents and served as liaisons with government. In many associations, the coordinators were given a great deal of responsibility and management authority, whereas in others they functioned primarily in a secretarial capacity. Coordinators' salaries also varied though all were taken from the annual administrative grants and, as such, were modest. The organizational structure of RDAs is illustrated in Figure 4.1.

Figure 4.1
Organizational Structure of a Regional Development Association



4.3.3 The Newfoundland and Labrador Rural Development Council

In 1969, the Newfoundland and Labrador Rural Development Council was established to serve as the provincial umbrella organization for RDAs. The idea was that such an organization would unite the movement and therefore strengthen its power and influence. The mandate of the Council was determined at its founding meeting and outlined in its constitution. It included objectives designed to promote vocalizing rural concerns such as:

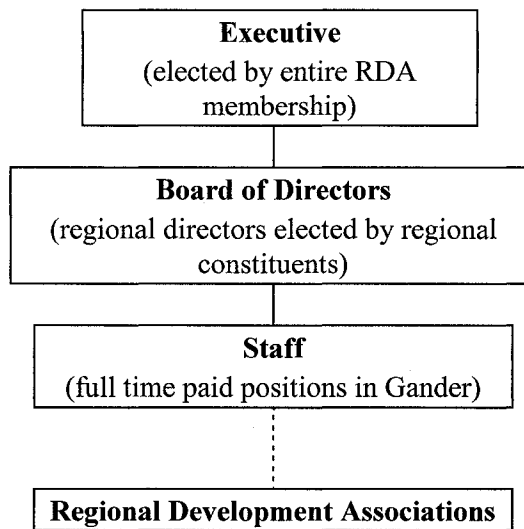
1. To act as a voice of rural people throughout Newfoundland and Labrador on matters of provincial and national concern, on a non-partisan basis.
2. To exchange information and ideas on a regular basis between RDAs and rural development agencies and organizations elsewhere.
3. To stimulate improvements in all aspects of rural life in the province by coordinating ideas and preparing plans for presentation to appropriate bodies.
4. To represent the province on national organizations created for rural development.
5. To encourage the development of rural youth organizations.⁹²

Like RDAs, the Council was comprised of a volunteer executive and a board of directors elected from the ranks of the member associations at an annual general meeting (starting in the early 1990s elections were held bi-annually). Organizationally, the Council was based on defined regions within the province with a director responsible for each area. These directors were elected by regional constituents whereas the executive was elected by the entire membership. As the number of regions varied throughout the

⁹² Memorial University of Newfoundland, Division of Extension Service, "Meeting of Development Associations, Eastport, Newfoundland (Highlights)" (St. John's: Memorial University of Newfoundland, Division of Extension Service, September 1969), 1-2.

years so, too, did the size of Council. Four full-time staff members were also employed to assist the Council and were located at the provincial headquarters in Gander.⁹³ Figure 4.2 illustrates the organizational structure of the NLRDC.

Figure 4.2
Organizational Structure of the RDA Umbrella Organization (NLRDC)



The NLRDC was primarily responsible for coordinating the activities of development associations and lobbying on behalf of the movement. In this regard, Council duties were diverse. It organized seminars and conferences, conducted research on rural issues, represented and promoted the movement to outside organizations, and participated in policy formulation at the regional and provincial levels. The Council also produced brochures and research reports (and, in later years, videotapes) on a variety of

⁹³ Fuchs, "Half a Loaf," 196.

topics and issues concerning RDAs. For a period of time, the NLRDC also produced its own newsletter on rural development issues, *The Rounder*.

The relationship between the NLRDC and its member associations was fundamentally different from that of similar volunteer organizations. While the Council served as the parent body, with the exception of a ten-dollar annual membership fee, RDAs contributed nothing to the NLRDC finances. Because the Council was almost entirely funded by government, development associations were restricted in their ability to sanction the NLRDC if they were dissatisfied with its performance—and they sometimes were. In a 1983 evaluation, RDAs expressed considerable disappointment regarding the Council's effectiveness in representing their interests.⁹⁴ This attitude was evident again in 1991 when a study determined that most associations, and even some Council members themselves, felt that the NLRDC did not fulfil its leadership role.⁹⁵

4.4 RDA Membership

The growth in the number of RDAs was, of course, paralleled with growth in the general membership. Between 1974 and 1987, the number of elected RDA members increased from about three hundred to just over twelve hundred.⁹⁶ Because RDAs were non-partisan, secular organizations with open membership, they tended to attract and

⁹⁴ Simms, *Rural Development*, 39-40.

⁹⁵ Baird Planning Associates, *Planning and Evaluation Study* (n.p.: Baird Planning Associates, 1991), 13-14.

⁹⁶ Curran, 77.

include individuals from all sectors in society.⁹⁷ The pluralist composition of the membership was retained over the course of the movement, though there was a definite shift in representation of the various groups.

Complete records of RDA directors were not compiled until 1975. At that time, there were twenty-nine development associations in the province comprised of 342 directors. As Table 4.2 illustrates, the pluralist composition of the 1975 membership is evident in the number and range of occupational categories represented. Nonetheless, the majority of members were classified into only four categories and were either businessmen, fishermen, skilled tradespersons or labourers. Of these, businessmen were most strongly represented on the associations, accounting for almost a quarter of the entire membership. If we combine businessmen with those who were either professionals (such as teachers, skilled tradespersons, clergy etc.) or occupied managerial positions, then these individuals comprised over 50 percent of the RDA membership.

⁹⁷ Fuchs, "Half a Loaf," 198.

Table 4.2
Occupational Profile of RDA Membership, 1975 and 1987

<u>Occupation</u>	<u>1975</u>	<u>1987</u>	<u>% change</u>
Labourers	11%	23%	+12
Fishermen	14	21	+7
Skilled Trades	12	13	+1
Housewives	3	10	+7
Businessmen	22	8	-14
Teachers	9	6	-3
Managers	8	4	-4
Retired	5	4	-1
Clerical	3	4	+1
Civil Servants	4	3	-1
Unemployed	n/a	2	n/a
Farmers	3	n/a	n/a
Clergy	2	n/a	n/a
Other	3	2	-1
Total	100%	100%	
(n)	(318)	(1003)	

Source: Modified from Curran, 96 and 103.

By 1987, there were fifty-five RDAs and 1216 members throughout the province.⁹⁸ While the movement continued to have broad-based representation, the composition of the membership had changed significantly.

Table 4.2 shows that labourers and fishermen replaced businessmen as the group with the strongest representation on development associations and together formed 44 percent of the total membership. In fact, 54 percent of RDA members were either labourers, fishermen or housewives. The percentage of businessmen had decreased significantly and only 18 percent of the membership occupied either business,

⁹⁸ Curran, 97.

professional or managerial positions. Curran also notes that there was a considerable increase in the participation of women during this period and that by 1987 women comprised 24 percent of the total membership and 25 percent of executive positions.⁹⁹ This shift in composition seemed permanent, with one observer noting in 1995 that the RDA membership had “come to be comprised of the seasonally employed primary- and secondary-resource workers who deal most directly with the issues of rural unemployment in their daily lives. For example, more than 50 percent of the volunteer directors do not have high-school education and 65 percent have experienced a period of unemployment during their average year.”¹⁰⁰

4.5 RDA Funding

4.5.1 Federal-Provincial Agreements

Basic funding for rural development in Newfoundland was provided through a series of successive federal-provincial agreements. These agreements were subsidiaries of larger, umbrella-type agreements known as General Development Agreements (GDAs) and later Economic and Regional Development Agreements (ERDAs) negotiated between the federal and provincial levels of government.

Introduced in 1974, GDAs were ten-year agreements that outlined the overall policy goals of both levels of government and the process by which joint federal-provincial decisions would be made. GDAs themselves did not provide details regarding

⁹⁹ Ibid., 100.

¹⁰⁰ Fuchs, “Rural and Community,” 62.

specific projects or cost sharing arrangements. Such details were provided in separate subsidiary agreements, which were negotiated at various stages of the GDAs' life span and were very flexible so as to allow provinces to pursue any type of development opportunity. In most cases, provincial representatives of the federal Department of Regional Economic Expansion worked with provincial government officials to develop these subsidiary agreements and the federal government simply responded.¹⁰¹ Once an agreement was signed, a joint-management committee was established to oversee its implementation. Through these subsidiary agreements, GDAs sponsored initiatives in virtually all economic sectors including tourism, forestry, fisheries and rural development.

Between 1974 and 1984, the RDA movement was funded under two separate subsidiary agreements of the GDAs. Both of these had a five-year life span and both were cost shared on a 90:10 basis between the federal and provincial governments respectively. The first of these, the *Agricultural and Rural Development Act* (ARDA) III agreement, was signed in 1974 with a total budget of \$11.5 million.¹⁰² Funding increased under the 1978 follow-up Rural Development Subsidiary Agreement (RDSA) to \$14.5 million.¹⁰³ These agreements had a number of client groups in addition to RDAs and the NLRDC and included other programs as well.

¹⁰¹ Savoie, *Regional Economic Development*, 54-61.

¹⁰² Curran, 116.

¹⁰³ Savoie, *Regional Economic Development*, 270.

The GDA approach was highly criticized however, and, in 1984, they were replaced with Economic and Regional Development Agreements (ERDAs).¹⁰⁴ Like GDAs, these were ten-year umbrella agreements that outlined general policy goals and joint federal-provincial decision-making processes. Once again, the details of specific programs were negotiated and presented in subsidiary agreements, but there was a fundamental difference in program delivery. The federal government felt that it had not been afforded adequate visibility under the GDAs. Consequently, the ERDA subsidiary agreements were planned jointly, but each level of government was responsible for its own particular programs. In the case of the Newfoundland rural development program, under the ERDAs, the federal government became responsible for providing the administrative grants to RDAs whereas it became the responsibility of the provincial government to fund the NLRDC.

Under the ERDA, two additional subsidiary agreements were signed between 1984 and 1994 to fund rural development in Newfoundland. The Rural Development Subsidiary Agreement II provided \$18.2 million and covered the period between 1984 and 1988.¹⁰⁵ Funding under this program was cost-shared on a 50:50 basis. With the subsequent signing of the Rural Development Cooperation Agreement (RDCA) III in 1989, funding was increased to \$29.6 million and the cost-share ratio was adjusted so that the federal government provided 70 percent of the funds while the province provided 30

¹⁰⁴ Ibid., 61-73, 88-90.

¹⁰⁵ Simms, *Rural Development*, 21.

percent.¹⁰⁶ As was the case previously, these agreements had a number of clients in addition to the RDAs and the NLRDC including crafts associations, cooperative federations and other local development organizations. They also included other programs. Details of the rural development agreements are provided in Table 4.3.

Table 4.3
Federal-Provincial Agreements for Rural Development, 1974-1994

<u>Subsidiary Agreement</u>	<u>Duration</u>	<u>Budget (\$ millions)</u>	<u>Cost-Shared Ratio</u>
ARDA III	1974-1978	11.5	90:10
RDSA	1978-1983	14.5	90:10
RDSA II	1984-1988	18.2	50:50
RDCA III	1989-1994	29.6	70:30

Source: Compiled by author.

4.5.2 Administrative Funding

Administrative funding grants for RDAs and the NLRDC were provided through the successive federal-provincial subsidiary agreements. As discussed in the preceding chapter, these annual grants covered the day-to-day costs associated with operating the associations and the Council, and were conditional on certain criteria. Table 4.4 shows that the amount of funding for both increased with each agreement.

¹⁰⁶ Canada, *Canada/Newfoundland Rural Development Subsidiary Agreement III*, ([Ottawa]: Department of Regional Industrial Expansion; [St. John's]: Department of Rural, Agricultural and Northern Development, 1989), Schedule "A" .

Table 4.4
RDA and NLRDC Annual Administration Grants, 1969-1994

<u>Source</u>	<u>Administration Grants (\$)</u>	
	RDAs	NLRDC
1969-1974*	10,000	25,000
ARDA III (1974-1978)	12,000	[unavailable]
RDSA (1978-1983)	16,500	135,000
RDSA II (1984-1988)	26,500	200,000
RDCA III (1989-1994)	36,500	250,000

*Funding of the RDA movement began on an experimental basis in 1969 through the provincial Department of Community and Social Development.

Source: Compiled by author.

4.5.3 Project Funding

Project funding for the RDA movement was not limited to that provided under the rural development subsidiary agreements. In fact, as Table 4.5 illustrates, funding was obtained from a variety of sources and totalled over \$184 million between 1968 and 1992. Most of this was provided through provincial and, particularly, federal agencies.

The largest single source of funds during this period was the Canada Employment and Immigration Commission (CEIC). The CEIC administered a number of large job creation programs on behalf of the federal government, including the Canada Community Development Program (CCDP), the Local Initiatives Program (LIP), the Summer Youth Employment Program (SYEP), the New Employment Expansion and Development Program (NEED) and Opportunities for Youth (OFY). Through its various programs, the CEIC provided an overwhelming 72 percent of RDA project funds totalling almost \$133 million. The various rural development subsidiary agreements were the second most important source of funding and accounted for 10 percent of the total project funds at

almost \$18 million. The other significant contributor was the federal Department of Fisheries and Oceans whose direct departmental funding combined with that of its Small Craft Harbours Program totalled just over \$11.3 million. These three sources alone accounted for over 85 percent of all RDA project funding during these years.

Table 4.5
RDA Project Funding Sources, 1968-1992 (partial)

<u>Source of Funds</u>	<u>Funding (\$)</u>
Canada Employment and Immigration Commission (CEIC)	132,690,473
Rural Development Subsidiary Agreements*	17,919,667
Federal Fisheries Small Craft Harbours Program	6,703,055
Federal Fisheries	4,613,833
Miscellaneous**	4,222,512
Provincial Fisheries	3,646,491
Department of Social Services	2,760,895
Department of Forestry	2,476,543
Central Mortgage and Housing Corporation (CMHC)	2,382,060
Department of Public Works	1,581,200
Regional Development Associations***	1,258,956
Environmental Partners Program	820,197
Department of Mines and Energy	798,577
Department of Highways	722,403
Supply and Services	392,673
Development and Tourism	365,098
Department of Municipal Affairs	268,655
Community Futures	250,807
Department of Recreation	127,500
Secretary of State	80,104
National Research Council	76,478
Revenue Generated***	75,997
Department of Employment and Labour	75,134
Department of Health	71,993
Town Councils	37,430
Totals	184,408,732

* Does not include administration funding or all projects for 1991-92/1992-93 fiscal year.

** Includes amounts not otherwise attributable to a specific source.

*** Refers to amounts generated by operations or reinvested in a RDA.

Source: Morrison, ii-iii.

4.6 RDA Activities

From the outset, the principal objective of the RDA movement was to promote economic and social development in rural Newfoundland. As discussed in chapter three, development associations focussed primarily on garnering support to revitalize their areas. Significant time was spent lobbying government and other organizations for services that would improve life in the local area. In some places, this included such basic things as electricity, a doctor, a bank, or radio and television services. In other areas, the associations lobbied for improvements to existing services such as roads and fisheries infrastructure. Still elsewhere, RDAs applied pressure for changes to government policies that were adversely affecting local people, as was the case on the Northern Peninsula where the RDA lobbied for the establishment of a 12-mile limit to protect the local inshore fishery in the late 1960s.

In most rural areas of Newfoundland, however, the biggest obstacle to economic and social development during the 1970s and 1980s was the high rate of unemployment and creating jobs for local people was of primary importance. In the absence of other capital funding, government sponsored job creation programs quickly became the principle means of meeting this mandate and, thus, became the overwhelming focus of RDA activities.

Job creation programs were originally introduced to help alleviate the problems of chronic and seasonal unemployment by extending the work season. They offered little in the way of long-term solutions or development, however, and were generally used to

provide short-term work in order to qualify individuals for unemployment insurance (UI) benefits from the federal government. Under the UI program of the day, a person could work for ten weeks and qualify for forty-two weeks of benefits. The original purpose of these job creation programs became so distorted that they were commonly referred to as “make-work” projects. Such programs seldom provided RDAs with the resources to develop and implement long-term local development strategies.

RDA staff spent a significant portion of their time and energy writing funding proposals and preparing applications for job creation projects. Then, once a capital grant was approved, associations were responsible for its administration and management. The concentration on job creation programs was such that any discussion of RDA work is closely linked with a discussion of project activities.

Development association projects covered a wide spectrum of interests and involved a broad variety of initiatives. A review of Morrison’s inventory reveals that RDAs carried out projects in everything from community beautification and church repairs to fox farming and jam production. Some of the larger ventures proved to be quite successful and, in those instances, government would often direct that the enterprise be sold to the private sector.¹⁰⁷ Generally, however, projects focussed on infrastructure improvement and were short-term.

¹⁰⁷ Newfoundland, House of Assembly, *Hansard*, vol. XLII, no. 42, 25 October 1995, 1487.

Given the relative importance of the fishing industry in rural Newfoundland, it is not surprising that the majority of RDA projects between 1968 and 1992 were fishery related. Most of these involved repairs and extensions to existing fisheries infrastructure such as wharves, slipways and gear sheds though some new facilities were also constructed. There were also a number of developmental fisheries projects devoted to such initiatives as shellfish harvesting, fish farming and fish processing. The heavy emphasis on the fishery, both in terms of RDA membership and project activities, was evident in the fact that many associations suspended their operations during the summer fishing season.¹⁰⁸

The other significant area of focus for RDA projects was community services. These projects were often carried out in cooperation with municipal councils or other local organizations and involved the construction of community centres, seniors housing complexes, fire halls and recreational facilities such as playgrounds, ball fields and tennis courts. Project funds were also used to initiate programs in adult literacy, housing maintenance and child daycare. Some associations also sponsored programs to provide municipal services such as garbage collection and community clean-ups.

Besides contributing to the economic infrastructure and social development of rural areas, development association projects also provided much needed employment for residents. Between 1968 and 1992, RDAs sponsored thousands of development projects comprising over 69,000 jobs. Of course, the very nature of these projects meant that the

¹⁰⁸ Fuchs, "Half a Loaf," 196.

majority of the jobs created were temporary. Almost 40,000 were short-term jobs arising during the construction stage of a project and another 28,000 were “enhanced” or “topped-up”, that is, existing marginal jobs that experienced an increase in income. Fewer than 1,000 jobs were seasonal and only 599 continued after the construction phase of the project had been completed.¹⁰⁹

4.7 Summary

The RDA movement grew rapidly and, by the mid 1980s, most rural areas of the province were represented by a Regional Development Association. Government policy was an important factor in this growth and expansion. Upon becoming provincially incorporated institutions, RDAs developed a standardized structure with defined rules for organization and membership. Administrative and project funding for the associations was provided through a series of successive federal-provincial agreements and additional project funding was made available through a variety of other sources, typically under the auspices of various federal and provincial job creation programs. In response to the chronic unemployment in many rural areas, much of RDA activity focussed on acquiring and delivering job creation programs to local areas to help residents qualify for unemployment insurance. The majority of these projects involved fisheries infrastructure and community services.

¹⁰⁹ Morrison, xix.

CHAPTER 5

“THE LEGITIMATION CRISIS”: 1983-1988

5.1 Introduction

This chapter looks at issues affecting the Regional Development Association movement in the 1980s. It examines the difficulties associated with negotiating the two rural development subsidiary agreements during the decade and explores RDA reliance on job creation programs. It also discusses the Royal Commission that was established in 1985 to examine the unemployment crisis in the province and considers the impact that its report, along with coincident federal restructuring, had on the RDA movement.

5.2 RDSA Replacement Program: The 1983-84 Debate

The first indication that the 1980s would be a difficult decade for RDAs came during the negotiation of the replacement program for the rural development subsidiary agreement that expired in 1983. While the two previous rural development agreements signed under the General Development Agreement were passed with relative ease, there were problems negotiating a replacement agreement. The proposal put forward by the province was rejected by federal negotiators and, as both governments could not agree on the terms of a renewal by the March 31 deadline, a six-month extension was granted to the existing agreement.¹¹⁰

¹¹⁰ John Curran Associates and Baird Planning Associates, *Planning and Evaluation Study: Part II – The Evolution of the Newfoundland and Labrador Rural Development Council, A Historical Review* (n.p.: John Curran Associates and Baird Planning Associates, 1991), 29-30.

At the time, the federal government was generally dissatisfied with the visibility it was afforded through federal-provincial agreements. It argued that under the GDA approach, the federal government provided the majority of the funding, but the provincial government delivered the program and took the credit.¹¹¹ This became an obstacle in renewing the rural development subsidiary agreements with Newfoundland as well. The confrontational approach taken by the Newfoundland government in its dealings with Ottawa on a number of other policy issues during this period, including ownership of offshore oil and joint fisheries management, also did little to encourage cooperation.

This was a period of considerable financial uncertainty for the rural development movement and many RDAs, as well as the NLRDC, faced the possibility of closing offices and laying off staff.¹¹² When the six-month extension period also passed without an agreement being reached, the provincial Department of Rural and Northern Development agreed to provide interim administrative funding to the RDAs as of September 30, 1983.¹¹³

A month later, the federal government presented a proposal to take control of the subsidiary agreement based on the argument that it provided 90 percent of the agreement funding and the majority of the project funding as well.¹¹⁴ In line with this proposal, federal officials bypassed the NLRDC and offered direct funding to individual RDAs

¹¹¹ Savoie, *Regional Economic Development*, 17.

¹¹² John Curran Associates, 30.

¹¹³ "The Role of Regional Development Associations," 12.

¹¹⁴ Ibid.

through the Industrial and Regional Development Program. Not all associations were approached, nor was the NLRDC. Perceiving this as a direct threat to the movement's unity (and presumably the umbrella organization's continued existence), the NLRDC called an emergency meeting of all members and government representatives. In the end, the proposal to switch administrative control of the agreement from the provincial to the federal government was rejected by the RDAs.¹¹⁵

It was not until July 1984 that a new agreement was finalized and it was very different from those that had preceded it. The two previous agreements had been shared on a 90:10 basis with initiatives jointly funded by the federal and provincial governments. The Rural Development Subsidiary Agreement II, however, was based on a 50:50 cost sharing arrangement and each level of government unilaterally funded the separate components. In particular, administrative funding for the RDAs became a federal responsibility while the provincial government was to provide that of the NLRDC.¹¹⁶

5.3 Job Creation vs. Rural Development

Amidst the debate on a RDSA replacement program, RDAs were also faced with difficulties in their local areas. The Newfoundland economy was in serious trouble and unemployment was a chronic problem, particularly in rural areas. Across the province, the

¹¹⁵ John Curran Associates, 30-31.

¹¹⁶ See Canada, Department of Regional Industrial Expansion, *Canada/Newfoundland Rural Development Subsidiary Agreement II, 1984-1988: Information on Programs* ([Ottawa]: Department of Regional Industrial Expansion; [St. John's]: Department of Rural, Agricultural and Northern Development, [ca. 1984]).

unemployment rate had soared from 7.3 percent in 1970 to over 20 percent by 1984.¹¹⁷ Moreover, outmigration had resulted in a significant drop in the population.¹¹⁸ Through their administration of make-work programs during the 1970s and 1980s, RDAs had been essentially designated to manage the rural unemployment crisis by both government and rural citizens alike.

The federal and provincial governments, in announcing various job creation programs, had come to expect and depend on RDAs to administer and coordinate the projects. For some programs, the local Canada Employment and Immigration Commission office simply forwarded a list of eligible unemployed individuals to the RDA from which to hire. Similarly, the Department of Social Services sent able bodied social welfare recipients to the RDA for hiring consideration.¹¹⁹

Seasonally employed rural residents also placed considerable pressure on RDAs to secure job creation program funding for their communities. Many residents relied on these programs not only to ease winter unemployment but to supply the necessary work-weeks for them to qualify for UI benefits. The pressure to respond created a situation where, eventually, the work performed became of secondary importance and even workers themselves began to complain about the meaningless tasks they were being asked

¹¹⁷ Newfoundland, Executive Council, *Historical Statistics*, 37.

¹¹⁸ Curran, 82.

¹¹⁹ Fuchs, "Half a Loaf," 202-3.

to carry out.¹²⁰ Nonetheless, the importance of job creation money became such that, in many areas of the province during the 1980s, the RDA was the largest single employer during the winter months.¹²¹

With make-work funding being essentially the only capital available to them, and amidst tremendous pressure to respond to the ever-increasing unemployment levels in rural areas, RDAs delivered the government-sponsored projects but paid an enormous price. By the mid 1980s, the heavy reliance on job creation funding had distorted the original intent of the movement and there were criticisms that some RDAs had “developed nothing more than an expertise in writing government grant proposals” and “perpetuated the existence of the ‘make-work projects for U.I. stamps’ dependency situation.”¹²² Regional Development Associations began to lose credibility as an effective means of promoting long-term economic development.

5.4 Royal Commission on Employment and Unemployment

By early 1985, the unemployment crisis in the province had become so serious that the Government of Newfoundland and Labrador established a Royal Commission to examine the issue. For twenty months, the Royal Commission on Unemployment and Employment, headed by Doug House, looked at all factors relating to the high unemployment level in the province, including government’s approach to economic and

¹²⁰ Economic Recovery Commission, *A Report on Job Creation in Newfoundland and Labrador* ([St. John’s]: Economic Recovery Commission, 1994), 12.

¹²¹ Ibid., 202.

¹²² Simms, *Rural Development*, 31.

rural development. The final report, *Building on Our Strengths*, was released in September 1986.

The report was favourable towards RDAs and the rural development movement. However, it also recognized the dependence on job-creation programs. The Commission accorded much of the blame for this, not on RDAs, but on the provincial and federal governments.

RDAs are there to promote economic development, but they lack the human resources, finances, expertise and political clout to perform that function effectively...they suffer from the reluctance of both the provincial and the federal government to view them, and support them, as the primary vehicles for rural development...Instead...RDAs have become conduits for a series of government make-work programs.¹²³

To reduce the dependency on government, the Commission made a number of recommendations for strengthening regional development in the province. It proposed that government restructure its program, but maintained that RDAs and the NLRDC be integral components of a new program. The Commission encouraged a decentralized approach to regional development and proposed the creation of Regional Development Boards in five regions of the province to encourage economic development and employment creation. These boards were to be composed of representatives from various local organizations including RDAs, municipalities, and community colleges, as well as representatives from both levels of government and the industry sector. The Commission recommended that the role of the NLRDC be strengthened to coordinate the activities of

¹²³ Newfoundland, *Building on Our Strengths*, 369-370.

the proposed boards and the RDAs, and that the RDAs be reinforced as the primary agencies responsible for economic development at the regional level. It also recommended that a new provincial department, solely responsible for rural and regional development, be established. Furthermore, it suggested that new legislation be passed to legitimize RDAs, the NLRDC, and the proposed Regional Development Boards, as well as to outline their respective responsibilities and mandates.¹²⁴

To alleviate the short-term make-work situation in rural Newfoundland, the Commission recommended that government and RDAs shift their focus towards long-term development initiatives. It proposed that the federal and provincial governments negotiate a job creation program specifically aimed at regional development needs in Newfoundland and suggested that funding preference be given to short-term projects that were incorporated with larger, long-term initiatives.¹²⁵

RDAs were generally pleased with the recommendations of the Royal Commission as they, too, had grown disillusioned with their role as brokers of make-work projects. Following the report's release, the NLRDC, in cooperation with Memorial University's Extension Service and the Newfoundland and Labrador Association for Adult Education, organized a conference in Gander to examine the commission's findings. While there was general agreement on the majority of recommendations, the one

¹²⁴ Ibid., 371-374.

¹²⁵ Ibid., 376.

regarding the establishment of Regional Development Boards was not well received.¹²⁶ In fact, 53 percent of the RDA membership surveyed at the conference disagreed with this recommendation, 20 percent of which strongly disagreed.¹²⁷ Throughout the various workshops, development associations repeatedly expressed concern that these boards would create another level of bureaucracy and result in reduced RDA funding.

Despite the otherwise positive response from the rural development movement, the Royal Commission's report was poorly received within the provincial bureaucracy. A study team assigned to review the report on behalf of the Newfoundland government was particularly critical of the Commission's emphasis on strengthening rural areas.

The Study Team views the commission's overall vision of rural Newfoundland as idyllic and unrealistic. It is seen as a romantic vision which does not recognize the profound changes that have occurred in rural Newfoundland over the past 50 years, including the continuing migration of people (especially young people) from smaller centres to larger centres.¹²⁸

In fact, according to the Commission's chair, the Newfoundland government at the time "neither accepted the report nor rejected it" and most of the recommendations for restructuring the rural development program were not enacted.¹²⁹

¹²⁶ Memorial University of Newfoundland, Division of Extension Service, "A Design for Development? A Report of the Conference Examining 'Building on our Strengths, Report of the Royal Commission on Employment and Unemployment, Newfoundland and Labrador'" (St. John's: Memorial University of Newfoundland, Division of Extension Service, February 1987), 114.

¹²⁷ J.D. House, *Against the Tide: Battling for Economic Renewal in Newfoundland and Labrador* (Toronto: University of Toronto Press, 1999), 9.

¹²⁸ Newfoundland, *Study Team Comments on Overall Vision and Broad Themes: Final Report for the Royal Commission on Employment and Unemployment* (St. John's, 1987), as quoted in House, *Against the Tide*, 11-12.

¹²⁹ House, *Against the Tide*, 14.

5.5 Federal Restructuring

The federal response to the Royal Commission's report was much more favourable. In its review of *Building on Our Strengths*, the federal government argued that the report could be "viewed as providing an opportunity and direction for a review of federal government policies and programs as they impact on Newfoundland" and concluded that "the goals identified by the House Commission provide a direction for economic development which meshes in broad terms with the federal government's goals for economic renewal."¹³⁰ The reality was that, unlike the provincial government, the Government of Canada seemed to share the decentralized approach to regional development proposed by the Newfoundland Royal Commission. In fact, by the time the report was released, the federal government had already begun decentralizing services and restructuring its regional development program and RDAs were no longer the only organizations advocating community-based development in rural Newfoundland.

In July 1986, the federal Department of Employment and Immigration, now Human Resources and Social Development (HRSD), established the Community Futures (CF) program to provide support for local development efforts. Under this program, Newfoundland was divided into seventeen regions and Community Futures committees were established in each area to implement a variety of programs designed to stimulate economic activity. Committee members were nominated by various local groups and appointed by the federal minister. Business Development Centres (BDCs), with their own

¹³⁰ Government of Canada, *Response to the Provincial Royal Commission on Employment and Unemployment in Newfoundland and Labrador*, as quoted in House, *Against the Tide*, 9-10.

board of directors appointed by the Community Futures committees, were also established under this program to provide small loan assistance to businesses.¹³¹

From the beginning, RDAs expressed concern that these new agencies would create unnecessary duplication and were fearful that CF and BDC boards would be used to deliver federal programs, thereby bypassing RDAs altogether. The NLRDC successfully lobbied to have RDAs represented on the CF boards, but the considerable resources provided to the CF and BDC boards and the fact that they were appointed rather than elected, left them open for scepticism. While RDAs co-operated with them on various initiatives, the CF and BDC boards were often viewed as competition rather than partners.¹³²

In 1987, the federal government created the Atlantic Canada Opportunities Agency (ACOA) to encourage entrepreneurship and coordinate federal economic development activities in Atlantic Canada. ACOA became directly involved with the rural development movement in Newfoundland as it assumed responsibility for administering the various federal-provincial agreements on behalf of the federal government, including the rural development subsidiary agreements. It also established offices in Newfoundland.¹³³

¹³¹ Newfoundland, *Community Matters*, 36-37.

¹³² Robert Greenwood, "Performance Contracts and Regional Development: New Approaches to Government-Community Relations in Newfoundland and Labrador," in *Changing Rural Institutions: A Canadian Perspective*, ed. Richard C. Rounds (Brandon, Manitoba: Canadian Rural Restructuring Foundation, 1997), 130.

¹³³ Newfoundland, *Community Matters*, 40.

During the next several years, the federal government—both on its own and in collaboration with the Newfoundland government—was involved in establishing a variety of other agencies that offered support to businesses and regional development initiatives. Included among these were the Women’s Enterprise Bureau to assist female entrepreneurs, the ACOA/Enterprise Network to provide information to development agencies in the province, and the Fisheries Alternatives Program to respond to the pending collapse of the cod fishery in the early 1990s. All of these federal agencies had offices decentralized throughout the province and, in many instances, similar services as RDAs. This would have serious implications for the movement.

5.6 RDSA II Replacement Program: The 1988-89 Debate

The 1980s ended as they began for the rural development movement—with concern that a new federal-provincial rural development agreement would not be reached. The subsidiary agreement that had caused such upheaval in the early part of the decade was due to expire on March 31, 1988 and both RDAs and the NLRDC were apprehensive about the negotiation of a new agreement. To avoid delays, the NLRDC lobbied to get discussions started early so that a replacement agreement would be “ready to go before March 1988.”¹³⁴

As was the case in 1983, negotiations did not conclude by the deadline and, this time, the existing agreement was extended for an additional year. In the meantime, many

¹³⁴ “Rural Development Council Looks for New Agreement,” *The Evening Telegram*, 23 October 1987, 7.

RDAs, once again uncertain whether a new agreement would be signed, were forced to delay projects.¹³⁵ Negotiations continued for sixteen months and a new subsidiary agreement, referred to as the Rural Development Cooperation Agreement (RDCA) III, was finally signed in July 1989 and made retroactive to March of that same year. The program was similar to its predecessors, though it marked a return to the principles that had existed prior to 1984 in that it was more generously cost-shared at a 70/30 federal-provincial ratio and the various components were jointly administered between the two levels of government.

The ongoing state of uncertainty and anticipation for the rural development movement might have been alleviated somewhat with the signing of the RDCA III if not for the fact that, while the debate over the new agreement was occurring, a new provincial Liberal government had been elected. The Liberals' campaign platform had included a promise to establish regional boards along the lines suggested in the 1986 Royal Commission report and, shortly after coming to power, they established an Economic Recovery Commission (ERC) to examine the concept further. Despite the fact that a new five-year rural development subsidiary agreement had recently been signed, those involved were already expressing concern about the movement's future. The executive director of the NLRDC at the time, Tony Collins, acknowledged that the rural development movement was at a crossroads and summarized the uncertainty:

¹³⁵ Ibid.

We have a new government in place, and there is much talk of decentralization of services and what have you. As well, the Economic Recovery Commission headed by Dr. Doug House has been given a broad mandate to rationalize and possibly restructure the government's entire approach to resource and rural development. At this stage, they're asking a lot of questions...¹³⁶

5.7 Summary

While the institutionalization of RDAs contributed to the expansion of the movement, it also caused problems because the institutionalization led to dependence. The development associations that had once raised funds through membership fees grew to rely on the successive federal-provincial agreements for administrative funding and on the federal and provincial job creation programs for project funding. This dependency was reciprocal as government and, indeed, rural people relied upon RDAs to deliver job creation funding in an attempt to manage the rural unemployment crisis. This dependency distorted the original intent of RDAs and, ultimately, threatened their very existence. During the 1980s, government and citizens alike began to question whether RDAs were the most effective vehicle for dealing with the economic and social woes of rural Newfoundland and Labrador, or whether a new program was required.

¹³⁶ "Future of Rural Development Associations Expected to Dominate Meeting in Gander," *The Evening Telegram*, 17 November 1989, 9.

CHAPTER 6

“CHANGE AND CHALLENGE”: 1989-1995

6.1 Introduction

This chapter examines what were, arguably, the most critical years in the history of the Regional Development Association movement. It begins with a discussion of initiatives introduced by the new provincial government elected in 1989. Much of the chapter focuses on this government's so-called “new regional economic development” plan, the rationale behind it and the process used to bring it about. Particular emphasis is placed on the joint federal-provincial Task Force on Community Economic Development, whose report in 1995 outlined the new program, which culminated with the elimination of RDA and NLRDC core funding later that same year.

6.2 Early Initiatives of the New Liberal Government

6.2.1 The Economic Recovery Commission

The Liberal party returned to power in Newfoundland under its new leader, Clyde Wells, on April 20, 1989. The economic problems that had provided the impetus for the Royal Commission on Employment and Unemployment three years earlier were still prevalent and there had been much talk of the Commission's report during the election campaign. As part of his platform, Clyde Wells declared his support for the report and promised to establish an ‘economic recovery team’ within thirty days of taking office to enact similar recommendations. This promise was fulfilled in June when the provincial government announced its plans for an Economic Recovery Commission (ERC).

The ERC was to operate as an independent body and answer directly to the premier. It was given the broad mandate “to improve employment opportunities by stimulating and fostering enterprise and economic development in all regions of Newfoundland and Labrador.” In announcing the ERC initiative, Premier Wells acknowledged that the Royal Commission report had contained “an exciting blueprint for the economic and social future of the province” and appointed its former chair, Doug House, as the new chair of the ERC.¹³⁷ The link between the ERC and the Royal Commission went beyond the chairperson, however, and was clearly outlined in section 8(c) of the *ERC Act*:

The duties of the [Economic Recovery] Commission include: reviewing and, where appropriate, initiating the implementation of the recommendations of the Royal Commission on Employment and Unemployment.

6.2.2 Enterprise Newfoundland and Labrador

Ironically, one of the first initiatives that the ERC became involved with stemmed from the very Royal Commission recommendation that the rural development movement had most strongly opposed—the one concerning the creation of regional boards. In January 1991, the Enterprise Newfoundland and Labrador (ENL) Corporation was established to carry out the regional economic development component of the ERC’s mandate and Doug House also assumed the role of chairperson of the board of directors. The new corporation’s decision-making authority was decentralized into five regional offices just as had been proposed in the Royal Commission report. An additional

¹³⁷ Newfoundland, “Statement by Honourable Clyde K. Wells, M.H.A., Premier, on Economic Recovery Commission,” 5 June 1989, 4.

seventeen, later increased to eighteen, satellite offices were also established throughout the province. In the address at the opening of the St. John's office, Premier Wells stated that the creation of ENL did not mean that the government had more money for economic development, rather it wanted to use the available money more effectively.¹³⁸ Chuck Furey, the minister responsible, maintained that ENL would highlight the importance of RDAs in the developmental process.¹³⁹

6.2.3 Other Changes to the Rural Development Program

Other Royal Commission recommendations concerning rural development also became realities with the election of the Clyde Wells administration though perhaps not with the positive outcome that the Commission had anticipated. The Liberals amalgamated the Department of Rural, Agricultural and Northern Development (RAND) with the Department of Development upon coming to power, but this action did not signify the creation of the strong new department that the Commission had recommended. In fact, the Research and Analysis Division of RAND was disbanded altogether and ENL assumed all of the department's support services for RDAs.¹⁴⁰

This restructuring had a significant impact on RDAs and the movement. Firstly, development associations had been the primary clients of RAND and the principal

¹³⁸ Transcript of Press Conference, ENLC Corporate and Avalon Region Offices, 16 January 1991, as quoted in Dwight S. Hillyard, "Enterprise Newfoundland and Labrador Corporation and the Prospects for Community Economic Development in Rural Newfoundland" (Honours Dissertation, Memorial University of Newfoundland, 1992), 24.

¹³⁹ Chuck Furey, "Implications of Restructuring for the Rural Development Movement," Address to the Newfoundland and Labrador Rural Development Council Annual General Meeting, Gander, 1990, as quoted in Hillyard, "Enterprise Newfoundland and Labrador", 22.

¹⁴⁰ Baird Planning Associates, *Planning and Evaluation Study*, 10.

beneficiaries of the various support services provided through the department's province-wide field service system. Upon the creation of ENL, field services were restructured to include a larger clientele such as municipalities, small businesses and other local organizations. Moreover, many of the support services such as organizational assistance and training programs for RDAs were eliminated. Even the services that remained were significantly reduced as field staff struggled to serve the expansive client group. While some of the weaker associations opposed these changes, generally, RDAs were not concerned as many felt that the organizational and training programs were no longer required or relevant.¹⁴¹

The decision to disband the Research and Analysis Division of the department was another matter, however, and created unease for the RDA movement. The staff within this division carried out policy research in support of rural development and, more importantly, they were largely responsible for preparing the rural development subsidiary agreement proposals and negotiating the final agreements. With the elimination of the division, there was great anxiety as to who would develop the next proposal and whether there would be another agreement.¹⁴²

In the meantime, those within the movement were also dissatisfied with the management of the new Rural Development Cooperation Agreement III. This agreement required that development associations prepare long-term plans and, in instances where

¹⁴¹ Ibid.

¹⁴² Ibid., 52.

this did not occur, administrative grants were withheld from those particular RDAs.¹⁴³

Many RDAs felt this was a direct attempt by government to reduce their autonomy and it further fuelled the ongoing scepticism regarding the likelihood of future rural development agreements. In a 1991 evaluation study prepared for the NLRDC, many RDAs expressed concern that the RDCA III would be the last of its kind.

They [RDAs] are aware of current debates within and between governments on whether Development Associations should be supported in the future and to what extent. Related issues include the mixed messages Associations feel they have been receiving on future financial self-sufficiency requirements and on the duplication between themselves and Community Futures committees.¹⁴⁴

6.3 The New Regional Economic Development Rationale

The concerns of those within the RDA movement were warranted. From the outset, Clyde Wells had advocated a more comprehensive and coordinated approach to rural economic development and more prudent use of development funding. Shortly after coming to power and establishing the Economic Recovery Commission, Premier Wells also established an Economic Planning Group (EPG). The EPG consisted of senior government officials and was given the responsibility of developing a strategic economic plan for Newfoundland and Labrador on behalf of the government.¹⁴⁵

Government supplemented the work of the EPG with a public consultation process carried out across the province by the Advisory Council on the Economy (ACE)

¹⁴³ Ibid., Appendix C-4.

¹⁴⁴ Ibid., 10.

¹⁴⁵ House, *Against the Tide*, 118.

in the early 1990s. The consultations apparently confirmed for Premier Wells and his government that the program for rural development, as it existed, was not working. The process determined that there was tremendous duplication among the economic development agencies in rural areas and that this duplication resulted in a lack of coordination and created fiscal restraints. Like the Royal Commission report before it, the consultation process also acknowledged that the policy of pursuing rural development through the province's network of RDAs was ineffective as both RDAs and rural communities had become dependent on government. Ultimately, it was concluded that a new and more coordinated policy for rural development was required.¹⁴⁶

6.3.1 Duplication

When RDAs first emerged in the mid to late 1960s, they were the first and only organizations of their kind in rural areas of the province. By the time Clyde Wells came to office in 1989, however, there was a proliferation of local development agencies throughout rural Newfoundland and Labrador—both governmental and non-governmental—and all with a mandate for economic development. In addition to the fifty-nine RDAs and the NLRDC, by the early 1990s there were seventeen Community Futures committees, sixteen Business Development Centres, and six offices of the Women's Enterprise Bureau, as well as the Atlantic Canada Opportunities Agency and the ACOA/Enterprise Network. There was also the Fisheries Alternatives Program and

¹⁴⁶ See Newfoundland, Advisory Council on the Economy, *Public Consultation Process on the Strategic Economic Plan: Report to the Public* (St. John's: Government of Newfoundland, 1992).

the Enterprise Newfoundland and Labrador Corporation—both of which had offices decentralized throughout the province. By 1994, there were an additional eleven government-funded development corporations operating in the province, including at least four that were established in response to fish plant closures and another three representing Aboriginals.¹⁴⁷ There had been tremendous growth in local government during this period as well and, by then, most communities had their own municipal councils. Some of these also had their own economic development committees.

According to the provincial government, altogether there were 167 economic development organizations operating in the province in 1993 and there was tremendous overlap and duplication in function and responsibilities.¹⁴⁸ Often these organizations operated offices in the same community or even from the same building, as was the case with the St. Alban's Resource Centre. This building housed the Community Futures Committee, the Business Development Centre, the Canada Employment Outreach Centre, the Gaultois Community Development Fund, offices for Enterprise Newfoundland and Labrador and the ACOA/Enterprise Network—as well as the RDA.¹⁴⁹ The Wells government argued that the result was “just one layer on top of the other of bureaucracy, all purporting to deliver economic development to the rural areas” and that there was “a need to consolidate, to revise, and to fine-tune the operation...”¹⁵⁰

¹⁴⁷ Newfoundland, *Community Matters*, 41.

¹⁴⁸ Newfoundland, House of Assembly, *Hansard*, vol. XLII, no. 31, 8 December 1993, 1092.

¹⁴⁹ Newfoundland, *Community Matters*, 81.

¹⁵⁰ Newfoundland, *Hansard*, 8 December 1993, 1098.

6.3.2 Fiscal Restraint

The Newfoundland government was also concerned about the amount of money being spent on administration for these agencies during a period when both it and the federal government were trying to exercise fiscal restraint. At the time, North America was experiencing a recession, federal cutbacks had reduced transfers, and the provincial economy was struggling. In addition, the federal government had acknowledged that funding for federal-provincial agreements, including those aimed at rural development, would be significantly decreased.¹⁵¹ Premier Wells and his government reasoned that the plethora of economic development agencies resulted not only in a lack of coordination of development efforts, but was also a waste of scarce government resources. They argued that too much money was being spent on administration and that the money was being spread among too many organizations to be of any real benefit.

According to the Liberals, these 167 economic development organizations spent \$41 million dollars in 1993 on administration alone. Government contended that this money was being spent before it could “get a cent into a project or into industry or into small business or into the development association to create economic opportunity” and reasoned that the money could be better directed towards economic stimulation.¹⁵² Wells and his government maintained that consolidation was fundamental to getting the maximum benefit from the limited resources available. Ironically, just over \$17 million of the \$41 million was being spent by the ENL Corporation established by the provincial

¹⁵¹ House, *Against the Tide*, 14.

¹⁵² Newfoundland, *Hansard*, 8 December 1993, 1090.

Liberals themselves. Meanwhile, administration costs for the RDA movement totalled \$2.6 million at the time.¹⁵³

The consultations carried out by the Advisory Council on the Economy in the early 1990s reported that residents of the province were also frustrated with the growing number of agencies mandated to provide similar services while competing for the same rural development funding. Like government, the public apparently also saw the need to eliminate the duplication and to increase coordination.

People decry the duplication and waste of having federal and provincial agencies competing to provide the same services...Many think that lower costs, greater effectiveness, and improved service could occur if there was one agency. People want the federal and provincial governments to cooperate and streamline operations...The public understands that the economy is experiencing tough times and that government has related fiscal problems. They know that the status quo is no longer an option and that fundamental changes are required and will come.¹⁵⁴

6.4 The Strategic Economic Plan

From this rationale emerged a new program for economic development in the province. *Change and Challenge: A Strategic Economic Plan for Newfoundland and Labrador* was released in June 1992. This policy document outlined the Wells administration's intention to establish seventeen economic zones across the province through which it would pursue economic development. These zones were intended to provide a more coordinated approach to economic planning and development activities and to place greater emphasis on regionalization of government administration. The idea

¹⁵³ Newfoundland, *Hansard*, 25 October 1995, 1471.

¹⁵⁴ Newfoundland, *Public Consultation Process*, viii, ix.

was that economic plans for these regions would be developed by the people who lived there.¹⁵⁵ Premier Wells himself initially identified the seventeen zones and their boundaries, though they were later increased to twenty.¹⁵⁶

6.5 The Rural Development Movement's Proposal for Reform

The RDCA III was due to expire at the end of March 1994 and the 1992 release of the Strategic Economic Plan, coupled with the federal government's statements in 1993 that it would not support a new rural development agreement similar to the previous agreements, created growing concern in the movement about its future. Moreover, the provincial Liberals had been re-elected in May 1993 with a large majority. Given the direction the Wells administration had taken during its first term in office, those involved with the movement were also becoming increasingly aware that changes were going to be made to the current rural development program, and they wanted to be involved in the decision making process. Of immediate concern, of course, was the issue of continued funding for RDAs and the NLRDC.

In September 1993, the NLRDC met with various representatives from both the federal and provincial governments and presented a discussion paper outlining the position of the rural development movement. The paper, entitled "Community Economic Development in Newfoundland and Labrador," contained two key recommendations:

¹⁵⁵ Newfoundland, *Change and Challenge: A Strategic Economic Plan for Newfoundland and Labrador* (St. John's: Queen's Printer, 1992), 16-17.

¹⁵⁶ House, *Against the Tide*, 189.

1. That all remaining RDCA III funds be used for the sole purpose of providing development associations and the other client groups of the Agreement with continued administration funding for the 1994-1995 fiscal year;
2. That government establish an independent commission to examine the community economic development organizations and programs currently in place and make recommendations for improved coordination.¹⁵⁷

Government acted upon both of these recommendations. General details of the plan were alluded to in the House of Assembly as early as December 1993 although a formal announcement was not made until March 11, 1994—just twenty days before RDCA III was to expire. On that day, the province's representative in the federal cabinet, Brian Tobin, and Newfoundland's minister of Development, Chuck Furey, announced a one-year extension to the RDCA III, as well as the establishment of a federal-provincial task force to address the future direction of community economic development in the province.

As the NLRDC had suggested, the remaining money in the RDCA III—including that earmarked for development projects—was directly spread among client groups to be used for administration while a new approach to rural development was being considered. In a letter sent to all associations on March 21, 1994, the RDCA III management committee acknowledged that “the reallocation of RDCA funds for 1994-1995 will provide your association with the time and resources to participate in this process.”¹⁵⁸ The

¹⁵⁷ Newfoundland and Labrador Rural Development Council, “Newfoundland and Labrador Rural Development Council Brief to Task Force on Community Economic Development,” *The Rounder Update* 1.7 (1994): 5.

¹⁵⁸ Newfoundland and Labrador Rural Development Council, “Letter to Rural Development Associations,” *The Rounder Update* 1.6 (1994): 12.

process referred to was the review to be conducted by the newly announced federal-provincial Task Force on Community Economic Development (CED task force).

6.6 Task Force on Community Economic Development

The Task Force on Community Economic Development was led by Gordon Slade, vice-president of ACOA, and Doug House, chair of the ERC. It consisted of twelve members in total, including representatives from community organizations such as the NLRDC, the Newfoundland and Labrador Federation of Municipalities (NLFM), Community Futures, Business Development Corporations and the Women's Enterprise Bureaus as well as representatives from other government agencies and departments such as ENL and Human Resources and Development Canada (HRDC). The task force was mandated to devise a more efficient and effective approach to regional development based on the zones identified in the Strategic Economic Plan. Reflecting in the House of Assembly on his hopes for the direction and outcome of the task force, Chuck Furey said:

I would see their mandate to go out, and to dialogue and debate...on how the economic zones—the seventeen zones—ought to appear. What should they look like? What ought to be their mandate? What should be their focus? How can we collapse all these organizations down into a more focused, rational, economic vision?...I think what we have to do, inside these seventeen zones, is get the people to form themselves into business, municipal, economic development, rural development partnerships, and form boards in these zones where they can create their own strategic plans...I think that is eminently sensible, because right now it is helter-skelter, a shotgun approach, and it is bags of cash flying everywhere, in all directions. It is not working.¹⁵⁹

¹⁵⁹ Newfoundland, *Hansard*, 8 December 1993, 1091-1092.

To achieve its mandate, the task force held public consultations across the province, commissioned opinion research and received submissions from interested groups including the NLRDC and many RDAs. The NLRDC clearly expressed the movement's desire for a strong and continued role in any new plan for rural development. Among other things, it recommended that government formally recognize RDAs as the lead agencies for community economic development at the regional level, and that funding for the associations and the Council continue "until such time as the associations themselves decide otherwise."¹⁶⁰ In the end, neither recommendation was accepted.

The final report of the CED task force, entitled *Community Matters: The New Regional Economic Development*, was released by the provincial and federal governments in February 1995. It included twenty-nine recommendations for a new approach to economic development in Newfoundland and Labrador, including the creation of eighteen Regional Economic Development Boards (REDBs) as adapted from those zones proposed in the 1992 SEP.¹⁶¹ While the task force emphasized a community economic development approach, the term "regional" was chosen to avoid confusion that each individual community would be getting its own economic development program and funding.¹⁶²

¹⁶⁰ Newfoundland and Labrador Rural Development Council, "Newfoundland and Labrador Rural Development Council Brief," 9.

¹⁶¹ Cabinet increased the number to nineteen with the decision to split the Great Northern Peninsula into two zones. Later, organizations on the southern Avalon also received approval to split which increased the final number of economic zones to twenty.

¹⁶² J.D. House, "The New Regional Development: Is Rural Development a Viable Option for Newfoundland and Labrador?" *Newfoundland Studies*. vol. 17, no. 1 (Spring 2001): 20-21.

The new regional boards, commonly referred to as RED boards, were to be selected by the people in the regions themselves and consist of volunteer representatives from the major stakeholder groups. These included municipalities, Community Futures committees, Business Development Centres, and the business community as well as RDAs. Each board would also have paid employees including an executive director, economic development officers and administrative staff. Initially, provisional boards were to be formed so that the structure and membership could be honed to the specific needs and characteristics of the individual zone. After six months, the permanent RED boards were to be established and assume the responsibility of overseeing the development and implementation of strategic economic plans for the zones. These newly formed boards were to be the lead agencies in the provinces new regional economic development plan.

6.6.1 RDAs' Place in the New Economic Development

The CED task force research, and indeed the task force report itself, presented a rather complimentary view of RDAs and the RDA movement. Surveys showed that RDAs were the best known of the community based organizations existing at the time and the task force recommended that the provisional boards include representation from RDAs. Despite the acknowledgement that these associations had “contributed significantly in the past” and would “play an integral role in the New Regional Economic

Development,”¹⁶³ however, it was evident that the future role of RDAs would be altered significantly under the new program.

First of all, the Regional Economic Development Boards now replaced RDAs as the primary vehicle for rural development. Secondly, there would be no more automatic, guaranteed support for RDAs. Under the new program, the administration grants that had been provided to RDAs and the NLRDC annually for the previous quarter century were gone. The task force proposed that transitional funding be provided to RDAs and the NLRDC during the six months it would take to establish the provisional boards and suggested that funding could possibly be extended should it take longer to get a board up and running.¹⁶⁴ It was clear that once provisional boards were in place, however, that all rural development groups, including RDAs, were to be weaned off direct federal and provincial funding and that all money for rural development would be rolled over to the authority of the zonal boards. RDAs would be able to access funds for projects through these boards and, though government would have final approval, the RED boards were to make recommendations as to which projects should receive funding.

6.6.2 The Rural Development Movement’s Response to the CED Task Force Report

The NLRDC had recognized that there was a risk associated with their suggestion in 1993 to establish a commission to examine community economic development initiatives and agencies. Nonetheless, in its brief to the CED task force, the NLRDC had

¹⁶³ Newfoundland, *Community Matters*, 62.

¹⁶⁴ *Ibid.*, 70.

acknowledged that RDAs largely accepted the zone concept as outlined in the Strategic Economic Plan and felt that the risk was worth taking if the final report of the task force was “based on consensus and the recognition of common goals.”¹⁶⁵

When the task force report was released, it received a somewhat mixed reaction from the RDA movement. The two NLRDC representatives on the task force signed off on it and those within the movement generally responded favourably to the recommendations, though with reservations. Some members acknowledged that certain RDAs would possibly cease to exist under the new program but, at the same time, expressed satisfaction with the fact that this program would reward only those RDAs that were working hard.

If they no longer exist it will be because of their own fault...we have so few dollars around we can't afford to fund anybody sitting on their duff...The Regional Development Associations that are doing a lot of great work, really performing and accomplishing a lot in their regions are probably going to get a lot more funding...This is a case where the hard work is going to get rewarded and laziness will not.¹⁶⁶

Associations will have to justify their existence and maybe that's a good thing ...if you are not doing something for the overall economic betterment of the area then maybe you shouldn't exist.¹⁶⁷

Nonetheless, there were concerns about how a new plan might negatively impact RDAs. Some members feared that RDAs would have to compete with other organizations

¹⁶⁵ Newfoundland and Labrador Rural Development Council, “Newfoundland and Labrador Rural Development Council Brief,” 6.

¹⁶⁶ Woodrow Mullett, past president of the NLRDC as quoted in John Murphy, “Pressure’s on New Zones to Perform,” *The Evening Telegram*, 11 February 1995, 1.

¹⁶⁷ Clayton King, coordinator of the Bell Island Development Association as quoted in Murphy, “Pressure’s on New Zones,” 1.

for funding and that, when the time came to distribute the money, RDAs would get very little. Commenting on the impact this reorganization would have on rural communities, a former president of the Labrador West Development Association stated that: "Even the [municipal] council in a lot of the communities depends on the development association to get projects for their towns ...With everything else that's going on...it's going to be another big devastation for them."¹⁶⁸

Still others within the movement felt that the review had been to their detriment and were alienated. Some felt that the task force recommendations had been decided before the review process had even begun and that the public consultations and research had been carried out for perception only. Tony Collins, a long time employee of the NLRDC, and, ironically, a member of the task force was one such individual.

I should point out that, by the way, that I was a member of that task force. In hindsight, it would have been far more productive and much less painful if I'd stayed home and stuck bamboo splinters under my fingernails...The task force was told in no uncertain terms, however, that the groups already involved in community economic development, particularly rural development associations, should be given as much support and encouragement as possible. The last thing they needed was another level of bureaucracy. After listening to all this, the task force went back to St. John's and released its final report. It recommended the establishment of yet another level of bureaucracy, in the form of regional economic development boards to act as a sort of zonal overload just like they thought Mr. Wells wanted.¹⁶⁹

¹⁶⁸ Ibid.

¹⁶⁹ Tony Collins, "What are economic zones?" *The Evening Telegram*, 6 October 1995, 4.

6.6.3 Newfoundland Government's Response to the CED Task Force Report

The provincial government's response to the CED task force report was also mixed. The report was apparently not well received by officials within the bureaucracy. In fact, Doug House, co-chair of the task force, later wrote that "they [the bureaucracy] panned the report" and that "Treasury Board's input was particularly damning."¹⁷⁰

It is the [Treasury] Board's view that there is no reduced duplication and that the proposed reduction of the current 58 [sic] RDAs to 18 RED boards participating in business support and lending activities only creates competition for ENL.¹⁷¹

Since the task force essentially recommended what the Newfoundland government had already started to implement, the Liberals heralded the proposed program as accountable and efficient. In fact, Minister Furey acknowledged in the legislature that "98 percent" of the task force report was "accepted with a few minor variations."¹⁷² According to House, Premier Wells paid little attention to the bureaucracy's negative assessment.

...in this case they had hit on an issue that was close to Wells's heart. The establishment of regional boards has been part of the Liberal Party's original election platform in 1989, the premier himself had forced its inclusion in the Strategic Economic Plan in 1992 despite the reluctance of his officials, and he was impatient to see some action taken in 1995. According to Edsel Bonnell, the premier became incensed by Treasury Board's review and simply 'threw it in the garbage can.'¹⁷³

¹⁷⁰ House, *Against the Tide*, 195.

¹⁷¹ Ibid.

¹⁷² Newfoundland, *Hansard*, 25 October 1995, 1482.

¹⁷³ House, *Against the Tide*, 195.

6.7 Implementing the New Regional Economic Development

Not long after the federal-provincial task force report was released, the process of establishing the provisional RED boards began. The creation of the new boards, it turned out, coincided with the expiry of the one-year RDCA III funding extension that had been arranged for RDAs and the NLRDC in March 1994. The task force's guarantee of interim funding during the six months allotted to establish the provisional boards was to cover RDAs and the NLRDC until September 30, 1995. This meant that as of October 1, RDAs and the NLRDC would no longer receive core administrative funding.

As it happened, the CED task force had underestimated the time it would take to enact its recommendations and, when the end of September arrived, not all of the provisional RED boards were in place. Despite Minister Furey's suggestion in a newspaper interview that RDAs should start organizing bingo games and other fundraisers to keep their associations running,¹⁷⁴ when the time came, another funding extension worth an additional \$400,000 was granted.¹⁷⁵ This provided RDAs and the NLRDC with sufficient administrative funding to continue operations for an additional two months, until November 30, 1995. In the meantime, government agreed to have a team from the NLRDC and ENL carry out a review of the financial statements of each of the RDAs to determine their individual financial situations.¹⁷⁶

¹⁷⁴ Damon Clarke, "Funding to RDAs Beyond September will be Temporary," *The Northern Pen*, 15 August 1995, 3.

¹⁷⁵ Craig Jackson, "Rural Groups Corner Liberals on Funding," *The Evening Telegram*, 21 October 1995, 3.

¹⁷⁶ Newfoundland, *Hansard*, 25 October 1995, 1483.

About that time, seventeen of the nineteen provisional RED boards were in place and thirteen of their budgets had been approved.¹⁷⁷ RDAs were active participants in this process with their representation on the provisional boards second only to that of municipalities.¹⁷⁸ Since the task force had recommended that RDA funding be continued until all of the provisional boards were up and running, concern was expressed that the government would not follow through with this financial commitment. Development associations on the west coast of the province threatened to withdraw from participating in the zonal process altogether if funding was not continued and the NLRDC director for the area argued that RDAs would simply close down without this financial support.¹⁷⁹ Others argued that rural communities themselves would disappear:

Development associations are the lifeline between government and the community. Without representation from the local associations many smaller communities will fall by the wayside...If associations fold, so will many small communities and government will find itself in a greater predicament than ever before. At least keep funding open until such time as the new zones prove that they can do the job.¹⁸⁰

In an effort to maintain interim funding for the movement, the Progressive Conservative Opposition presented a private member's resolution in the provincial legislature calling on government to provide administrative support to RDAs until the

¹⁷⁷ Ibid., 1482.

¹⁷⁸ Newfoundland, Department of Development and Rural Renewal, "Minister addresses annual meeting of Newfoundland and Labrador Rural Development Council," News Release, 15 April 1996, 3.

¹⁷⁹ Chris Flanagan, "Jump on Board or Hit the Road, Says Furey," *Sunday Telegram*, 10 December 1995, 4.

¹⁸⁰ Bride Martin, "Towns Abandoned," Letter to the editor, *The Evening Telegram*, 12 October 1995, 4.

zonal boards were in a position to do so.¹⁸¹ The Wells government's own Economic Recovery Commission, headed by Doug House who also served as provincial co-chair of the CED task force, also proposed that interim funding to RDAs be extended until the RED boards had developed their strategic economic plans.¹⁸²

The provincial government, however, remained firm in its stance to cease the core funding as of November 30, 1995. It reasoned that, while the newly formed RED boards were developing their respective strategic economic plans for the individual zones, RDAs—particularly those with the least funds—could submit project proposals directly to the management committee of the Strategic Regional Diversification Agreement (SRDA), the newest federal-provincial agreement. When asked about the possibility of future funding extensions, Minister Furey was adamant that there would not be any and countered, “Where do you draw the line in extensions? When do people start taking you serious and when does it become laughable?”¹⁸³ According to him, the financial review of RDAs had shown that all of the associations had money in the bank and many of them had sufficient funds to continue operating for a considerable period on their own accord. Furey claimed that five associations had more than \$50,000 in the bank, twelve had over \$30,000, almost thirty had between \$10,000 and \$30,000, while only four had less than \$5,000.¹⁸⁴ He argued that “at some point there is a cut-off where you make the transition

¹⁸¹ Newfoundland, *Hansard*, 25 October 1995, 1470-71.

¹⁸² House, *Against the Tide*, 196.

¹⁸³ Jackson, “Rural Groups Corner Liberals on Funding,” 3.

¹⁸⁴ Flanagan, 4.

from the old to the new.” This transition formally began on November 30, 1995 when funding for RDAs and the NLRDC was permanently cut.¹⁸⁵

6.8 Summary

The 1989 election of a new government in Newfoundland brought with it significant changes for the rural development movement. Dissatisfied with the program that had emerged under the previous administration, Premier Wells quickly began making the changes necessary to shift towards a new regional economic development program. Public consultations concluded that a more coordinated approach to economic development was required and a task force was established to determine the best means of achieving this. The task force recommended that economic development be carried out through a new province-wide network of regional economic development boards based largely on the economic zones outlined in Wells’ Strategic Economic Plan. Almost immediately, the implementation process began and provisional RED boards were established across the island and in Labrador. With this, RDAs were replaced as the primary agencies for rural development in the province and, for the first time in twenty-five years, both RDAs and the NLRDC were without core administrative funding.

¹⁸⁵ Newfoundland, *Hansard*, 25 October 1995, 1482.

CHAPTER 7 THE AFTERMATH

7.1 Introduction

This chapter provides a brief overview of what has happened in the decade since government ceased its direct administrative funding to Regional Development Associations and the Newfoundland and Labrador Rural Development Council on November 30, 1995. It examines the immediate impact this decision had on the movement and looks at how it was affected in the long-term. The chapter also outlines developments in government policy since 1995 and assesses the current status of the RDA movement in Newfoundland and Labrador.

7.2 Developments since 1995

While government remained committed to its decision to eliminate core administrative funding to RDAs and the NLRDC in the months that followed, other changes were in store. The first occurred in December 1995 when Premier Clyde Wells announced his resignation. Shortly thereafter, Brian Tobin resigned his federal cabinet post and returned to Newfoundland to become leader of the Liberal Party and premier of the province.

Premier Tobin had a different perspective on how to proceed with economic development and made extensive changes to the program. Both the ERC and ENL were dismantled and Doug House, as chair of the ERC and chairperson of ENL's board of

directors, was told his services were no longer required.¹⁸⁶ A newly named Department of Development and Rural Renewal (D2R2) replaced the former Department of Industry, Trade and Rural Development and Tobin also created, what was termed, the Cabinet Committee on Rural Revitalization. Premier Tobin and his government remained committed to Wells' plan for the so-called new regional economic development, however, and continued with the RED board process.¹⁸⁷

During and after the election campaign, Tobin heard complaints from the RDA movement that the shift to the new program was not going smoothly.¹⁸⁸ In particular, RDAs felt the elimination of core funding prevented them from participating in the transitional process. They claimed that some RDA coordinators had been laid off and several associations had closed their offices even before the funding had ended. The president of the NLRDC at the time, Roger Beck, predicted that "the majority of our development associations are going to lose their coordinators and offices. That will set us back 20 or 30 years to when we held kitchen meetings. We are not going to be destroyed because we are all volunteers, but it will cripple us."¹⁸⁹

The rural development movement argued that government's decision to cease administrative funding was particularly unfair given that it was taking much longer to

¹⁸⁶ House, *Against the Tide*, 212-215.

¹⁸⁷ Newfoundland, Department of Development and Rural Renewal, "Minister Addresses Conference," News Release, 24 May 1996, 3.

¹⁸⁸ Newfoundland, Department of Development and Rural Renewal, "Minister Addresses Annual Meeting of Newfoundland and Labrador Rural Development Council." News Release. 15 April 1996, 1.

¹⁸⁹ Bernie Bennett, "June too Soon for New Economic Zone Boards: NLRDC Head," *The Evening Telegram*, 16 April 1996, 6.

establish the permanent RED boards than the CED task force had intended. The minister responsible for the newly created D2R2, Judy Foote, acknowledged this issue at the NLRDC's annual general meeting in April 1996 and admitted that, a full year after the process had begun, only five of the permanent RED boards were operating.¹⁹⁰ In the meantime, thirty-five RDAs had laid off their coordinators.¹⁹¹ The issue was exacerbated by the fact that, once the permanent RED boards were established, they were given an additional year to develop strategic economic plans for their zones. Government expressed its desire for RDAs to continue an active role in the permanent boards and in the development of the strategic economic plans¹⁹² but it also made it clear that fiscal realities would prevent core funding from being restored.¹⁹³ Ironically, more money was being spent in administration for the twenty RED boards than had been for the fifty-nine RDAs and the NLRDC combined.¹⁹⁴

RDAs also had problems attaining project funding during this transition period. Initially, the provincial government had assured associations that they could apply directly to the management committee of the Strategic Regional Diversification Agreement (SRDA) for project funding during this period and that this funding could include money to provide administrative support. Government had also explained that the

¹⁹⁰ Newfoundland, "Minister Addresses Annual Meeting," 4.

¹⁹¹ Bernie Bennett, "Rural Groups Want Answers from Foote," *The Evening Telegram*, 12 April 1996, 2.

¹⁹² Newfoundland, "Minister Addresses Annual Meeting," 4.

¹⁹³ Newfoundland, "Minister Addresses Conference," 2.

¹⁹⁴ Collins, "What are economic zones?," 4.

RDA proposals would be evaluated according to merit, financial need and availability of funds and that the poorer associations would get priority.¹⁹⁵ Problems arose, however, when RDAs had difficulty producing quality proposals and getting SRDA approvals. It did not help that most associations no longer had their coordinators who had been responsible for drafting such proposals in the past.

Most of their [RDA] proposals took several months to get through the ACOA review process, and most were turned down even when they did. This frustrating experience further alienated many within the rural development movement from the new approach, but it did get the message out that things had changed.¹⁹⁶

By mid-1998, the RED board process was well underway with all twenty permanent RED boards having been established and eighteen of the twenty having completed their strategic economic plans.¹⁹⁷ Based on earlier predictions of those within the movement and the media, it was assumed that RDAs might have disappeared by this time. However, a survey of RED boards regarding the operating status of local RDAs determined that, of the fifty-nine associations that had operated in the province, only seven had closed.¹⁹⁸ Moreover, despite their closure, several of these associations were reported as still having a board of directors in place.

¹⁹⁵ Jackson, "Rural Groups Corner Liberals on Funding," 3.

¹⁹⁶ House, *Against the Tide*, 200.

¹⁹⁷ Newfoundland, Department of Development and Rural Renewal, "Regional Economic Development Boards," News Release, 29 May 1998, 1.

¹⁹⁸ Information obtained through short mail-out questionnaire of RED board executive directors administered by the author in February 1998. See Appendix.

While it was perhaps surprising that most RDAs continued to operate so long after their core funding had been eliminated, it was completely unexpected that these organizations continued to be part of the provincial government's plan for rural development. In the 2003 Speech from the Throne, the Liberal administration, now led by Premier Roger Grimes, pronounced its commitment to the RED boards but also noted the contribution that RDAs were still making in rural areas. Development associations were also referenced in the budget speech that year with government vowing to increase their role.

We intend to strengthen the capacity of RDAs to help advance the implementation of the strategic regional development plans that have been prepared by the 20 Regional Economic Development Boards (REDBs). A comprehensive review of the role RDAs play in the implementation of REDB strategic plans is nearing completion. We will seek to ensure the Associations have the necessary capacity to participate in the specific implementation roles carved out for them by each of the 20 REDBs.¹⁹⁹

At the NLRDC annual general meeting that spring, much was made of the budget announcement and speculation began to grow that the forthcoming review—which was commissioned by the Council and funded by the provincial government—might result in funding being restored to RDAs, though, perhaps at a lower rate. Coincidentally, the last of the federal-provincial cost-shared economic development agreements was about to expire

¹⁹⁹ Newfoundland and Labrador, *Budget Speech 2003: Building our Future Together* (St. John's: Government of Newfoundland and Labrador, 27 March 2003), 35-36.

and the federal government announced it was no longer interested in participating in such agreements.²⁰⁰

Ironically, at this point when RDAs were feeling cause for optimism, there were indications that the RED boards were having difficulties. While no formal review had been conducted on their performance, the boards themselves began to question their role and expressed concern that government was not listening to them. In February 2003, the RED boards responded by forming their own umbrella organization, the Newfoundland and Labrador Regional Economic Development Association (NLREDA), to improve communications with government.²⁰¹

Despite the positive signals in the provincial Liberals' 2003 budget speech, funding was not restored to RDAs and a new Progressive Conservative government was elected in the province that autumn. The first insight into the direction this administration would take for rural development occurred in January 2004 when Premier Danny Williams appointed Doug House as deputy minister of the renamed Department of Innovation, Trade and Rural Development. This was the same individual who had headed the Royal Commission on Employment and Unemployment in the mid 1980s, who had chaired the Economic Recovery Commission and served as chairperson of the board of

²⁰⁰ CBC Radio News, "Province Fears End of Development Deals"; available from http://www.cbc.ca/nl/story/nf_econo_dev_20030318.html; Internet; accessed 18 March 2003.

²⁰¹ "Regional Economic Development Boards form Association," *The Northern Pen*, 17 February 2003, sec. B5.

directors of Enterprise Newfoundland and Labrador in the early 1990s, and who had co-chaired the Task Force on Community Economic Development in 1995.

The new government made no commitment to the RDAs or the RED boards. Instead, as promised in their election platform, the Tories allocated \$1.7 million in their first budget for the establishment of a Rural Secretariat to promote “the well-being of rural Newfoundland and Labrador through a comprehensive approach aimed at integrating economic, social, and cultural aspects of rural and regional development.”²⁰² The secretariat would be designed to work in conjunction with the departments of Business and of Innovation, Trade and Rural Development to strengthen rural communities, develop strong regions and promote long-term, sustainable development.²⁰³

It was a full year later before any specific details regarding the structure of this secretariat were revealed and an additional six months after that, in August 2005, before the members and chair were announced.²⁰⁴ At the time, the Liberal Opposition party claimed the secretariat represented the recycling of an old idea and did nothing more than create an extra layer of bureaucracy and competition for RED boards.²⁰⁵

²⁰² Newfoundland and Labrador, *Speech from the Throne* (St. John's: Government of Newfoundland and Labrador, 18 March 2004) 13.

²⁰³ Newfoundland and Labrador, *Budget Speech 2004: Protecting Our Future* (St. John's: Government of Newfoundland and Labrador, 30 March 2004), 22.

²⁰⁴ Newfoundland and Labrador, Executive Council, “Rural Secretariat Councils Will Help Regions Advance Social and Economic Development,” News Release, 9 March 2005; and “Minister announces Rural Secretariat Regional Council Members, Provincial Council Chair,” News Release, 25 August 2005.

²⁰⁵ Office of the Official Opposition, “Foote Questions Future of Regional Economic Development Boards: Still No Strategy on Rural Development,” News Release, 9 March 2005, 1.

The Rural Secretariat consists of nine regional councils and one provincial council. The regions are based on natural linkages and each council includes between twelve and eighteen representatives who were nominated by members of their communities but chosen by government. Members are purported to reflect a gender and age balance and be representative of communities and sectors within the regions. The provincial council, in turn, consists of representatives from each of the nine regional councils as well as other groups such as Memorial University and the College of the North Atlantic.

A key feature of the Rural Secretariat is that neither the provincial council nor those in the regions are involved in direct program delivery. Instead, they are mandated to act as advisory bodies to government and make suggestions on how to advance regional development priorities. Each regional council is to meet four times a year while the provincial council is to meet with the provincial cabinet and deputy ministers twice annually. To facilitate its work, the Rural Secretariat has a small staff within the department in St. John's and each regional council has one full-time planner.²⁰⁶

Outside the Rural Secretariat, the other significant change the Conservatives had made in the rural economic development program during the first two years of its mandate was to appoint Doug House as deputy minister. In January 2006, however, the Williams government announced it would be "taking stock" of its economic development initiatives and that House would take leave from his role "to review the strategies that

²⁰⁶ The Avalon region has two planners due to the population density of the area.

were already underway” and determine “whether government’s development approach is appropriate to future needs.”²⁰⁷

7.3 Current Status of RDAs and the NLRDC

In the meantime, many Regional Development Associations have continued to operate throughout the province more than a decade after their administrative funding was eliminated. The review conducted for the NLRDC in 2003 determined that forty-five of the original fifty-nine RDAs remained in operation. Moreover, all but a couple of associations continued to deliver programs and promote development.²⁰⁸

The review, aptly titled *Out of Sight, Out of Mind?*, offered interesting insights concerning the activities and operations of RDAs since their funding had been cut. Perhaps, one of the most remarkable facts was that the federal and provincial governments were still using the RDAs to administer short-term job creation programs. In fact, in the absence of core funding, project administration fees were RDAs most important source of funding. The report acknowledged that the associations, however, had become increasingly adept at using these programs to develop longer-term sustainable projects. It also noted that the majority of the RDAs that had ceased operation had done so because of a lack of funding.

²⁰⁷ Newfoundland and Labrador, Executive Council, “Government Taking Stock of Economic Growth Initiatives,” 5 January 2006, 1.

²⁰⁸ Connections Research and Central Consulting Services Inc., “*Out of Sight, Out of Mind?*” *Community Does Matter!: A Study of the Mandate and Roles of the Rural Development Associations and the Newfoundland and Labrador Rural Development Council* (Bauline, Newfoundland: Connections Research; Gander: Central Consulting Services Inc., 2003), 6.

The study also revealed a number of surprising facts regarding the relationship between RDAs and the RED boards which challenge the notion that Wells' new regional economic development program had reduced duplication. For example, there were multiple locations where the RED boards and the RDAs continued to operate in the same building and, in fact, there were several instances where the RED boards actually rented office space from the RDAs. Of equal interest were the cases where the RDA was operating but the duties of the development coordinator were actually carried out by a staff person of the RED board.²⁰⁹ Perhaps most surprising of all however, was the revelation that, in at least one instance, government provided funding for an RDA to hire an economic development officer even though the local RED board already employed one to cover the same area.²¹⁰

At the time of the review, the NLRDC continued to serve as the umbrella organization for RDAs though only thirty-one of the forty-five remaining associations were members. Given that the Council depends almost solely on membership dues for its operation, its capacity has been reduced. The fact that a third of existing RDAs have chosen not to become members also raises questions about the NLRDC's credibility as a representative umbrella organization. The NLRDC office now moves with the president and the president's RDA performs the Council's duties.²¹¹

²⁰⁹ Ibid., 21.

²¹⁰ Ibid., 29.

²¹¹ Ibid., 47.

As House oversees the latest review of the provincial government's economic development initiatives, RDAs continue to operate throughout the province. To determine the 2006 status of the associations, a follow-up survey of RED boards was carried out by the author. This concluded that thirty-six RDAs were still in operation, though at various capacities. Conversely, twenty had closed. This is a considerable change from the 2003 status and clearly indicates a downward trend in RDA operations. While it is remarkable that these organizations continue to exist, unquestionably, the absence of core government funding is taking its toll on the movement.

7.4 Summary

The transition to the new regional economic development program was not as smooth as had been proposed by either the federal-provincial Task Force on Community Economic Development or by government. It took significantly longer than expected to establish the zonal boards in some areas and, contrary to the recommendation of the task force, interim funding to RDAs was not continued until all boards were in place. Nonetheless, many associations continued to operate and participate in the zonal process. The new RED boards were not without problems and, just as RDAs had done before them, they eventually formed their own umbrella organization. Ironically, in the case of the RED boards, however, the purpose was to represent their interests to the very government that had created them in the first place. A further indication that the process had come full circle occurred in 2004 when the newly elected Conservative government in Newfoundland touted its support for rural development and appointed Doug House as

the deputy minister in the renamed Department of Innovation, Trade and Rural Development. In the meantime, more than a decade after their core funding was eliminated, 61 percent of the province's RDAs continue to operate, deliver programs, and promote development.

CHAPTER 8

FULL CIRCLE

8.1 Introduction

The seeds of this research came from a desire to answer a seemingly simple question—what led to government’s decision to cease core funding to the RDA movement? Examination of developments throughout nearly forty years of RDA history has shown that the answer, however, is not as straight-forward as the question might suggest. This chapter examines the issue in light of what has been learned.

8.2 Insights and Observations

From the outset, the Wells government was consistent in its messaging that there were two basic reasons for promoting a new regional economic development program—to eliminate overlap and to reduce spending. If one accepts this explanation then, clearly, RDAs were not targeted by government in its search for a new program. Rather, they were casualties in the process.

Certainly, at the time of the decision in 1995, there were numerous economic development agencies operating in rural areas of the province. In fact, according to Newfoundland government, there were 167 different organizations with a mandate to promote economic development. The result was an overall program characterized by competing interests and a lack of cohesiveness. Nonetheless, it is too simplistic to say that RDA funding was eliminated solely because a cheaper and better alternative for rural development was thought to be available.

The publicly-stated reasons for ending RDA funding likely mask the reality that this was primarily a political decision by Clyde Wells and his government. First of all, if the intent of the decision was to eliminate the overlap created by the multiple agencies in rural Newfoundland and Labrador, the new program actually increased the duplication by adding another agency to the mix. This was further complicated by the fact that RDAs continued to operate in many areas even once the RED boards were established. Similarly, if the purpose was to ease the fiscal overburden, it actually cost government less to fund RDAs than it did many of the other economic development agencies that were operating in the province. In fact, RDAs were significantly less of a financial burden than were the ENL offices set up by the Liberals themselves. Likewise, more money was spent in administration annually for the twenty new RED boards than for the fifty-nine RDAs and the NLRDC combined.

It is no wonder then that many within the rural development movement questioned why RDAs were the organizations selected to have their funding cut. Some speculated that, because the associations did not fit with Clyde Wells' plan for a more professional and business-like approach to rural development, the provincial government was engineering the demise of RDAs. In fact, it was suggested that the Task Force on Community Economic Development simply made recommendations that the Wells government wanted to enact.

The notion that the CED task force recommendations were predetermined was a familiar one, particularly within the RDA movement. However, in light of the events

preceding the establishment of the task force, it is difficult for even the outside observer to see how things could have turned out differently. After all, the concept of regional development boards was first presented in the 1985 report of the Royal Commission on Employment and Unemployment in Newfoundland. The federal government had viewed the commission's report favourably and Clyde Wells had also touted his support for the report during his campaign to become premier. Upon coming to power, Wells even hired the Commission's chair, Doug House, to head his newly established Economic Recovery Commission. As part of his Strategic Economic Plan for the province, Premier Wells also outlined government's intention to establish economic regions across the province, similar to those proposed in the Royal Commission report. Wells claimed he wanted to deliver a more coordinated approach to economic development and even took the initiative himself to outline the geographic boundaries for these regions when he felt the bureaucracy was taking too long to do so. Furthermore, the minister responsible for rural development stated in the provincial legislature several months before the CED task force was established that the sensible plan would be to "form boards in these zones" and have local people "create their own strategic plans." Three months later when government assembled the task force to recommend the best approach for economic development, once again House was appointed as the co-chair. In light of these events, it seems unlikely that the CED task force would have recommended anything different than what the Wells government had proposed.

There is no way to definitively explain why government ceased core funding to RDAs. Existing literature does not address an issue that, ultimately, was a political decision and it is unlikely that those who made the decision over a decade ago would be willing or able to disclose the true reasons. Based on the evidence, however, it would seem that the rationale went beyond eliminating duplication and fiscal restraint because the action taken was not chiefly concerned with producing efficiencies or with reducing spending. Moreover, the layout of what were to eventually become the RED boards was outlined in the earliest documents of the Liberal administration, and the notion that the Wells government guided the task force recommendations for a new regional economic development program is difficult to refute.

As premier, Clyde Wells had the ultimate decision-making power and could have opted for whatever approach to economic development he deemed most appropriate. He chose to follow the recommendations put forward by the CED task force. The most plausible explanation is that, for one reason or another, Wells perceived the RDA approach to be ineffective and this led to a political desire for a different system. If we accept this premise, we can draw upon documented information to explain the roots of government's decision. This same information, however, also supports the notion that the perceived ineffectiveness had less to do with RDAs than it did with the government's program for rural development as a whole.

The decision to change government's economic development policy in the 1990s was inherently linked to government's original decision to publicly fund RDAs in the

1960s. Although, at that time, the provincial government expressed its desire for the movement to become self-sufficient, this never became a reality. Instead, the movement became dependent on the guaranteed administrative funding. The dependence on government only grew stronger as RDAs were designated by both government and rural people themselves to deliver job creation programs in rural Newfoundland and Labrador so that residents could qualify for unemployment insurance. This was a symbiotic relationship as both levels of government, in turn, came to depend on the RDAs to administer these programs on their behalf. RDAs were eventually co-opted by government for this purpose and were, ultimately, deflected from their original mandate. Instead of making social improvements and generating new economic opportunities, RDAs became the localized arms of governments that were desperate to manage the rural unemployment crisis. By the mid 1980s, the associations were reduced to acting primarily as conduits for job creation projects and focussed much of their time and energy on delivering short-term and short-sighted government employment programming. As Curran noted in his study, the RDA movement was “adjusted to serve the interests of the state more so than the rural population.”²¹²

RDAs were not entirely to blame for the situation they eventually found themselves in. The Royal Commission report in 1985, and even a consultation paper released by the Wells administration 1991, conceded that RDAs became involved with make-work programs because they had little choice. First of all, the funding provided

²¹² Curran, 14.

through the government administrative grants was low and insufficient to employ a coordinator, operate an office, administer job creation projects and, at the same time, stimulate new development ventures. Moreover, when a venture did prove to be successful, government would typically direct that it be sold to the private sector, thereby basically eliminating the RDAs opportunity to become self-sufficient.

Other than the meagre administrative grants, the only funding readily available to RDAs was through the various job creation programs offered by the federal and provincial governments. RDAs made it clear they would have preferred to focus on long-term initiatives but pressure from government and rural people to provide left few options for the associations. The repeated demands for basic income support in rural communities generally exceeded the RDAs commitment to long-term economic development. Moreover, the federal and provincial government's decision to continually promote quick-fix job creation programs as the sole means of dealing with the unemployment crisis merely served to make these communities and the RDAs even more dependent. In this regard, job creation programs, in conjunction with the unemployment insurance program of the day, distorted the RDA movement in the 1980s to a point where the possibility of real economic development work was remote.

Before long, government and rural residents alike began to question the value of make-work projects and, inevitably because RDAs were so intrinsically linked with such short-term program delivery, people questioned the value of the RDAs themselves. Many, including perhaps the Wells administration, likely perceived the underlying problems

with the rural development program to be with the RDAs. The associations were saddled with a reputation as brokers of make-work projects and became trapped in a credibility crisis. Once their usefulness was questioned, RDAs' legitimacy and basis for funding eroded. In the end, while fiscal restraint and duplication were factors in the decision to eliminate funding, it was this credibility crisis that led the Wells government to try a new program. This culminated with the 1995 decision to cease core funding to the RDA movement.

That the provincial government would hold the power to make such an important decision affecting RDAs thirty years after the movement was established is, in fact, ironic. After all, RDAs emerged in the mid to late 1960s as a means for rural people to demonstrate their independence from government. In an odd twist, the work of the associations—through their administration of successive job creation programs—has effectively made rural people more dependent. Many have come to expect, and even demand, such government programs as a means of maintaining a life in rural Newfoundland and Labrador. Similarly, when government began funding RDAs, the intent was that core funding would help each association to become “financially independent of the government in their operations.” Again the opposite proved true. As a former president of the NLRDC explained, “...if you were to talk to any of these associations today many of them would say...that perhaps the biggest mistake they ever made was to accept funding [because] then automatically they began to develop that

dependency.”²¹³ Thus, it appears that the latent reason for RDAs demise may be that they agreed to become partners in public policy in the first place.

There is, indeed, a crisis in rural Newfoundland and Labrador. What is wrong in rural areas, however, is part of something much bigger than Regional Development Associations. The reality is that the provincial economy is highly resource-based and highly resource-dependent. This is exacerbated in rural Newfoundland. Unfortunately, despite numerous attempts to diversify and stimulate development, rural economic progress remains as elusive as ever. Perhaps it is time to acknowledge that the problem is not with the approach either, rather it rests with rural Newfoundland and Labrador itself. Even Doug House—an individual who has been at the centre of the government’s search for solutions for more than twenty years—has pondered whether rural development in Newfoundland and Labrador is even possible.²¹⁴ The fact remains that there is an unemployment crisis in rural areas of the province and any economic development organization or program operating there will have to deal with that issue above all else. Long-term planning can only be a distant priority when resource challenges, a lack of economic diversification, and public reliance on government social programs are at the forefront.

Time has shown that there are no obvious solutions to Newfoundland’s economic development woes. Nonetheless, people want to stay in their own communities and, as

²¹³ Gerald Smith quoted in Newfoundland, *Hansard*, 8 December 1993, 1096.

²¹⁴ See House, “The New Regional Development.”

long as this is the case, there will be public demand for rural economic development programs and initiatives. Politicians have long recognized this need and understand that government must be perceived to be doing something to assist the rural economy.

In Newfoundland and Labrador, particularly over the past fifty years, new governments typically have been elected on the promise of their ability to improve the economy and provide a better future for residents. More often than not, this is linked to a plan to revitalize rural areas which, seemingly, captures both the imagination and the votes of the people. Consequently, it appears that with every change in administration, a new—but not necessarily different—economic development program is put forward.

This approach is not limited to Newfoundland. In fact, Savoie has argued that the practice in Canada is that when an economic development program no longer seems to be working, governments simply abandon it and look for a new one.²¹⁵ Yet, over the years such programs in Newfoundland have had overriding similarities. For example, almost all approaches since the early twentieth century—from Gorvin's 1938 report on rural reconstruction to the Williams administration's Rural Secretariat—have been based on the proposition that solutions to rural issues could be best solved within a regional framework that includes community representation. Many of these have advocated that regional boards be established and include representatives from various community organizations and stakeholders. Similarly, the RDAs, RED boards and the Rural Secretariat each have umbrella organizations at the provincial level to represent their

²¹⁵ Savoie, *Regional Economic Development*, 242.

organizations' interests to government. Most approaches, particularly those overseen by Premiers Smallwood and Williams, have also placed considerable emphasis on the importance of education and skills development in reviving the rural economy.

These are among several recurring themes that have emerged from this study which point to a single conclusion: as far as rural economic development in Newfoundland is concerned—the more things change, the more they remain the same. Perhaps the most obvious example, however, is that successive administrations of both Liberal and Tory stripes have chosen the same individual to examine the options for regional and rural development for the last two decades. We have arrived at a point where even this man is now questioning whether rural development is a viable option for our province. Yet, he is nevertheless currently in the midst of conducting a review on what approach the Government of Newfoundland and Labrador should now take. Clearly the process has come full circle, again.

8.3 Contribution of the Study

Despite their lengthy history and the integral role they have played in rural development in Newfoundland and Labrador, Regional Development Associations have received little academic attention. As such, the RDA movement is not well documented and the available information is scattered through various government documents and newspapers reports of the last forty years. Understandably, most of this literature is outdated. To further complicate the issue, it includes a diverse range of material which is temporary in nature such as brochures, committee minutes and news releases and much of

it has been written by those within either the movement or government. Consequently, the information is not readily available or well-maintained. To that effect, perhaps the greatest contribution of this study is that it synthesizes basic material and information regarding the RDA movement into a single cohesive document. In detailing key developments in the evolution and history of these organizations, this study provides an invaluable overview of the rural development movement from its infancy to its present day status. Such a compilation did not previously exist and is a useful resource. Perhaps most importantly, it will help ensure that knowledge of Newfoundland and Labrador's rural development movement is preserved.

Of particular value is the emphasis on the events surrounding the elimination of core government funding to the RDA movement as it details a historical period that has been basically ignored in the literature. In this regard, the study contributes to our understanding of how this decision was made and documents subsequent developments. Moreover, it provides important information regarding changes in the RDA movement and in government economic development policy during these years.

Examination of the entire forty year span of the movement has also proved useful in that it has revealed a number of recurring themes in Newfoundland and Labrador's rural development policy. In so doing, this study offers critical insights into the governmental decision-making process in general, and specifically in terms of the struggle to deal with the ever-present challenge of rural development in the province. This research can potentially inform government policy on future economic development

initiatives. In particular, decision-makers can become aware of the similarities of past approaches and incorporate this knowledge when seeking new solutions.

Finally, the study has broader implications in that it can serve as a case study in political behaviour and on non-governmental organizations. This concise chronology of events concerning the rural development movement in Newfoundland can be a valuable resource for students of political science and other fields such as sociology, economics, and public administration.

8.4 Directions for Further Research

While this study centered on determining what led to government's 1995 decision to cease funding the RDA movement, many questions have been raised throughout the course of the research. There are interesting points that, while beyond the scope of this paper, are valid and should be considered as avenues for further research.

First of all, an objective and focussed examination of the RDA movement of the past decade would be useful in answering the many basic questions that are still outstanding regarding this period. For example: Outside of job creation projects, what sorts of activities have the associations been involved in? how do the RDAs fit into the new regional economic development approach? what is their relationship with the RED boards? what strategies have they taken to adapt to the new program and to survive without funding? what role do RDAs play in rural Newfoundland and Labrador? and what role can we expect for these associations in the future?

Secondly, and related to this, further study is also required of the Regional Economic Development boards and the zonal program. To date, there has been no independent analysis of this program to measure its effectiveness. A comprehensive review of the RED boards in terms of their activities, the composition of their membership, their performance, their financial cost and, of course, their relationship with government would be particularly useful. Such a study would increase our understanding as to whether these boards are having similar experiences as the RDAs before them and whether they have been any more successful. It would also be practical to determine how many economic development organizations still operate in rural areas and how much duplication continues to exist between agencies.

An objective and comprehensive study of Regional Development Associations and the rural development movement is also worth considering. The RDA movement formed a very important part of this province's rural development history and this alone makes it worthy of such a study. This project would expand on the information provided herein and also examine the movement's social and economic influence on rural areas over the past forty years. It should discuss the impact of RDAs in terms of providing infrastructure and giving rural people a voice, as well as to look at the effect this had on the confidence and leadership skills of rural residents. The rural development movement's story is a long and interesting one that should be fully documented and needs to be told.

Finally, it is equally evident that an independent and comprehensive review of the Newfoundland government's approach to rural development is required. This study has shown that numerous themes reappear throughout government's successive attempts to stimulate rural economic development and diversification in the province. We can learn valuable lessons from an examination of previous programs and past mistakes. The insights gained would presumably be very useful in drafting any new approach for the future.

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Appendix

Status of Regional Development Associations, 1998 and 2006

RDA	Location	1998 status	2006 status
Alexander Bay-Terra Nova	Glovertown South	✓	✓
Baie Verte Peninsula Economic	Baie Verte	✓	✓
Barachois	Jeffries	n/a	✗
Battle Harbour Regional	Mary's Harbour	✓	✓
Bay d'Espoir	St. Alban's	✗	✗
Bay of Islands South Shore	Frenchman's Cove	✓	✓
Bay St. George South Area	McKay's	✓	✓
Bell Island	Wabana	✗	✗
Bonaventure-English Harbour Regional	Trinity	✓	✓
Bonavista Area Regional	Bonavista	✓	✗
Bonavista South	King's Cove	✓	✗
Bonne Bay	Wiltondale	✓	✗
Cape Freels	Badger's Quay	✓	✓
Cape Shore Area	St. Bride's	✓	✗
Central	Parson's Pond	✓	✓
Codroy Valley	Doyles	✓	✓
Conher Regional	Hermitage	✗	✗
Eagle River	Cartwright	✓	✓
Eastport Area	Eastport	✗	✗
Exploits Valley	Grand Falls-Windsor	✓	✓
Fogo Island	Joe Batt's Arm	✓	✓
Fortune Bay East	Little Bay East	✓	✓
Fortune Bay North Shore	English Harbour West	✓	✓
Gambo-Indian Bay	Gambo	✓	✓
Gander Bay-Hamilton Sound	Carmanville	✓	✗
Grand Lake Centre of Economic Development (formerly Humber Valley)	Deer Lake	✓	✓
Greater Lamaline Area	Lamaline	✓	✓
Green Bay Economic	Springdale	✓	✗
Isthmus Area Regional	Bellevue	✓	✓
Labrador West Regional	Labrador City	n/a	✗
Labrador White Bear	Charlottetown	✓	✓
Lakeside Rural	Glenwood	✗	✗
Lewisporte Area	Lewisporte	✓	✓
Lower Trinity South	New Perlican	✓	✓

RDA	Location	1998 status	2006 status
Mokami Regional	Happy Valley-Goose Bay	✓	✗
North Shore Bay of Islands	Corner Brook	✓	✓
North Shore Regional	Western Bay	✓	✓
Penguin Area	Burgeo	n/a	✗
Placentia Area	Placentia	✓	✓
Placentia West	Boat Harbour	✓	✓
Port au Port Economic	Piccadilly	✓	✓
Port Blanford-Winterbrook	Musgravetown	✓	✓
Random North	Shoal Harbour	✓	✓
Red Indian Lake	Buchans	✓	✓
South West Coast	Port Aux Basques	✓	✗
Southern Avalon	Trepassey	✓	✓
Southern Labrador	Forteau	✓	✓
Southern Shore	Ferryland	✓	✗
Southwest Arm	North West Brook	✓	✗
St. Barbe	Plum Point	✓	✓
St. Mary's Bay Centre	St. Mary's	✓	✓
St. Mary's Bay North Regional	Colinet	✓	✓
Straits	Shoal Cove East	✓	✓
Trinity Placentia	Swift Current	✓	✓
Twillingate-New World Island-Change Islands	Newville	✓	✓
Upper Trinity South Regional	Green's Harbour	✗	✗
White Bay Central	Main Brook	✓	✓
White Bay North	St. Anthony	✗	✗
White Bay South	Pollard's Point	✓	✓
OVERALL STATUS	Operating (✓)	49	39
	Closed (✗)	7	20
	n/a (not available)	3	0

Source: Compiled by author. Information collected through surveys of Regional Economic Development (RED) Board executive directors in February 1998 and April 2006.



