

COMMUNITY ECONOMIC DEVELOPMENT IN NEWFOUNDLAND:  
A COMPARATIVE STUDY OF THE ISTHMUS OF AVALON  
AND THE BONAVISTA HEADLAND

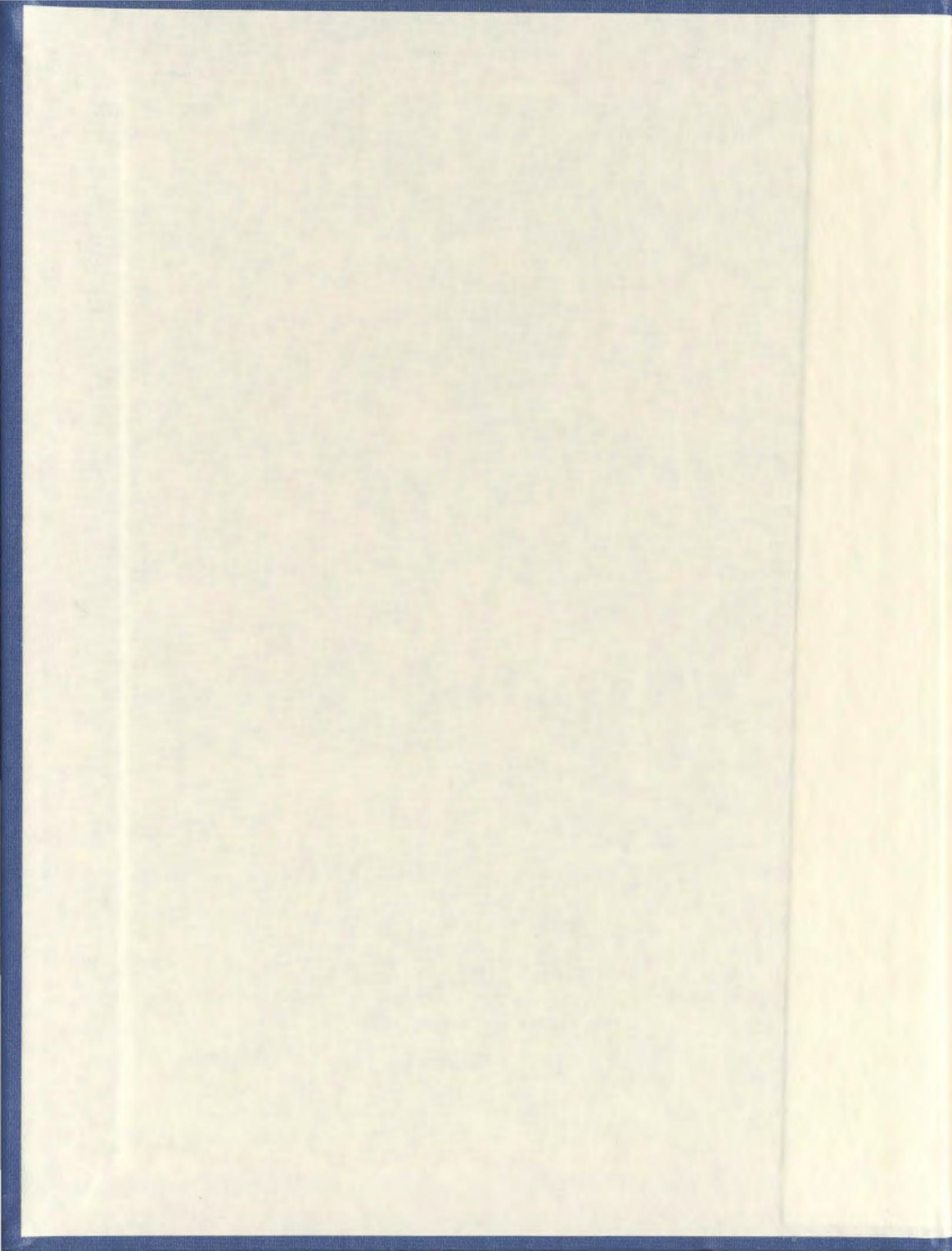
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**Community Economic Development in Newfoundland:  
A comparative study of the Isthmus of Avalon and the Bonavista Headland**

by

© Emilia Dagny Sveinbjornsdottir

A thesis submitted to the  
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# **Abstract**

While the role of non-government agencies, particularly Memorial University's extension services in the 1960s and 1970s, has been important, traditionally, economic development in Newfoundland has been dominated by "top-down" approaches leaving limited opportunity for communities or regions to influence and control their own course of development. However, with "The New Regional Economic Development" approach introduced in 1995, the Newfoundland government has moved more towards community-based economic development.

For the new approach to be a success, one of the priorities is to have all parties buy into the idea of a community-based approach. Through use of a formal questionnaire and interviews directed to local "key informants" this thesis examines attitudes towards community economic development (CED) on the Isthmus of Avalon, Newfoundland. The methodology used is adapted from Smith (1997) who undertook a similar study on the Bonavista Headland, Newfoundland. Although geographically close, and in fact with the same administrative development zone, the two areas have quite different economic histories, the Bonavista Headland being a traditional fishing area much affected by the 1992 groundfish moratorium, while the Isthmus has had a history of large-scale industrial projects over the last 30 years.

The results from the Isthmus study are compared to those from the Bonavista Headland. The comparison is then used to discuss prospects for CED in the two areas, as well as the implications for the implementation of the Province's new approach. Of the

five main principles which are argued here as characterising successful CED, community support is the best developed theme in both areas, while local control, a planned development process and an holistic approach to development have been recognized as important development factors but not yet adopted or acted upon. Entrepreneurial spirit is the factor which primarily differentiates between the two areas, with more entrepreneurial spirit being evident on the Isthmus. Much of the difference observed between the study areas appears to be rooted in their different economic experiences in the past.

The results suggest that although attitudes towards CED are, to a degree, more positive on the Isthmus than on the Bonavista Headland, there is still a long way to go before all of the necessary conditions for potential successful CED can be said to be in place in either region.

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# **Chapter 1**

## **Introduction**

Throughout the second half of the twentieth century, regional economic disparities have been viewed, both by federal and provincial governments, as a serious matter. Some politicians, including Prime Ministers Trudeau and Mulroney, have even described the wide economic gap between regions as a threat to national unity (Savoie, 1992). In the past, the methods to address the regional problem in Canada have usually been in the form of “top-down” policies and programs designed in Ottawa and delivered to the regions, for the most part focusing on improving regional infrastructure and providing incentives and grants to firms that were willing to locate in economically depressed areas.

In the late 1970s, and particularly in the 1980s and 1990s, questions have been raised as to whether the traditional approach was working as well as expected considering that the economic gap between regions was still significant and in some cases had widened.

Increasingly it has been argued that there is a need for a different kind of development approach, one which is more locally driven and which is more sensitive to the unique circumstances of each place, recognizing that “one size will not fit all”. Even though there is no one agreed definition of community-based economic development (CED), it is generally recognized that bottom-up development involves decentralized development where local initiative and local leadership are the driving forces.

Besides disappointment with traditional development approaches, there are a number of other factors contributing to the increased attention paid to development at the local level. Many of the economic development programs were launched in an era when federal revenues were growing rapidly, however, such growth has since slowed significantly and the federal government has been forced to cut back on regional development expenditures. Furthermore, Canada, like other industrial nations, has been going through structural changes over the last two decades, changes which have called for a different way of addressing development. A growing labour force, primarily because of growing rates of female participation, has called for new employment opportunities. At the same time, employment in the manufacturing sector has been declining, leading to massive job losses. As a result small businesses are increasingly seen as the leading source of employment growth and it has increasingly been recognized that there is a need for development strategies which encourage small, rather than large, business development (Douglas, 1994b). Also, modern economies are increasingly becoming human resource-oriented, which makes education and technological innovation one of the key elements in regional development. Taken together these factors have led many scholars to conclude that national governments should put emphasis on development at the local or community level rather than at the national level (Coffey and Polese, 1987; Savoie, 1995).

A review of the history of economic development in Newfoundland shows that the Province has, until recently, strongly favoured a top-down approach to development. The large industrial projects and the resettlement programs of the 1950s and 1960s are just

two example of the “from above” policies implemented by the provincial government. Nevertheless, a strong local movement emerged in the late 1960s and early 1970s as Regional Development Associations (RDAs) were formed in many areas of the Province, mainly in a response to these top-down policies. Unfortunately, over time, the role of most of the RDAs changed as they became the main vehicle for the government’s “make-work” programs, another top-down approach to development.

However, over the last decade the provincial government has started to recognize the need for CED. In 1985 it established The Royal Commission on Employment and Unemployment which, in its final report, stressed the need to give regions greater autonomy in the development process. It also recommended that special emphasis should be put on community and regional development as a way to address regional disparities within the Province. In 1992 the provincial government released its Strategic Economic Plan which emphasized a more decentralized development approach than before. The new development strategy involved dividing the Province into a number of economic zones which would become the key development units. By a request from the Newfoundland and Labrador Rural Development Council a Task Force was formed to design the zone approach. The Task Force put strong emphasis on principles generally associated with CED, such as long term sustainable development based on strategic economic planning, human resource development, partnerships, and local commitment and support. The Task Force recommended that the main goal of the zone boards would be to provide leadership for development in their zone. In order to do that the first task

was for each to develop a strategic economic plan. Following the release of the final report from the Task Force in 1995, implementation of the new approach began.

Originally the zone approach was not community driven but more initiated by the provincial government. As such it is not exactly the kind of approach to CED that the literature typically addresses. However, neither is it a typical top-down initiative as it strongly endorses CED principles such as local leadership and local decision making, emphasizes partnership between various stakeholders and different levels of government, recognizes the importance of community support and commitment, and is implemented by locally elected zone boards. As such, the zone approach can perhaps be considered an intermediate approach between top-down and bottom-up development approaches.

As both federal and provincial governments seem to be turning more towards a CED approach than ever before, there is a need to address the question as to what extent communities in Newfoundland have recognized and adopted this particular approach to development. The government can initiate development based on CED principles, but if it is to work successfully communities and local development groups have to understand and be willing to participate in the process. The zone approach requires much more local involvement than previous development approaches and therefore the issue is not only whether CED has been accepted, but also whether communities have the capacity needed to pursue this developmental model.

In 1997 Smith proposed a “normative model of CED” based on a review of the CED literature. The model outlines five main themes or principles frequently identified in the CED literature as underlying requirements for successful CED. The themes are:

entrepreneurial spirit, local control, community support, planned process and an holistic approach; each of which further comprise a number of sub-themes. Smith then applied the model to the Bonavista Headland in Newfoundland to see to what extent these “success” factors were recognized in that particular area. His conclusion was that economic development in the area had very few of what he had identified as the main characteristics of CED, but rather, that local attitudes towards development were still very much dominated by top-down approaches.

In his conclusions Smith raised a number of questions including: whether the lack of recognition of CED is related to the nature of the economy in the area; whether different findings should be expected in areas with different economic backgrounds; and whether the model in fact incorporates all of the main characteristics necessary for successful CED.

The aim of this thesis is to address these questions through a comparative study which tests the normative model in another area in Newfoundland, the Isthmus of Avalon.

The thesis has three main objectives:

- to see whether and how the principles of CED as identified in Smith’s normative model of successful CED are recognized by and adopted by people on the Isthmus of Avalon;
- to compare the findings to the results on the Bonavista Headland study;
- to use the comparison to discuss the normative model, the prospects for CED in the two areas, and, the implications for the zone process.

The reason for choosing the Isthmus as a study area is that while it is geographically close to the Bonavista Headland, and in fact part of the same economic zone, its economic history is quite different. The economy of the Bonavista Headland has traditionally been

almost solely dependent on the fishery, while the Isthmus has relied very much on large industrial projects, with the fishery in recent years acting only as a relatively minor contributor to the local economy. Furthermore, while the former area has recently experienced a major crisis following the groundfish moratorium in 1992, the history of the Isthmus has been one of intermittent growth with series of booms and busts associated with one large scale project following another.

Data collection was primarily through a review of current literature, questionnaires, and personal interviews. Smith's normative model provided a basis for analysis as it identifies a number of the key characteristics of CED. However, a further review of the CED literature was needed, both to provide a deeper understanding of what the model is based on and how to interpret each of the characteristics identified. In order to understand the economic histories of the Isthmus and the Bonavista Headland information was gathered from books and articles addressing history and economic development in the areas and in Newfoundland, as well as from research reports, newspaper articles and local interviews.

Primary sources of information include responses to a questionnaire and follow-up interviews. As this is a comparative study, similar data sets were required for both areas. The primary data for the Bonavista Headland were collected by Smith in 1995 and the collection of primary information for the Isthmus was undertaken in 1997. The questionnaire was directed to those individuals in the region who were most involved with development and most likely to have influence on the development process. These included, for example, local politicians, business people, economic development workers

and community volunteers. In order to compile as comprehensive list of respondents as possible, a “snowball” sampling technique was used, where those already in the sample were asked to identify other possible informants who then were contacted. When the sample had been identified, the respondents were asked to complete a questionnaire which included mainly close-ended questions asking the informants to give their opinions on, or attitudes toward various aspects of economic development. The questionnaires provided the data which allowed testing whether different attitudes exist between communities, as well as describing general views about community development in the region. After the questionnaire had been analysed, a number of key informants were selected from the initial sample and interviewed in order to obtain further information. The follow-up interviews provided qualitative information which helped to explore the attitudes towards development in more detail than was possible from the questionnaire approach alone.

The comparison of the results from the Isthmus and the Bonavista Headland suggests that the regions are at somewhat different levels with respect to recognition of the CED success themes identified in the normative model. Even though there are many similarities, the greater acknowledgement of entrepreneurial spirit observed on the Isthmus differentiates the regions. The results also reveal significant differences between communities on the Isthmus with more recognition of the CED principles in Clarendville than in the other communities.

The thesis is divided into six chapters. The chapter following the Introduction (Chapter 2) reviews the economic development literature with a particular focus on CED.

The main characteristics of traditional development are introduced and the recent shift towards more locally based development is discussed. The characteristics of CED are described using Smith's normative model of successful CED as a guideline. Chapter 3 describes the economic histories of the study areas and illustrates how location has been a significant factor contributing to differences in their economic development.

The research design and the research methods are outlined in Chapter 4 and the results are presented in Chapter 5. Attitudes towards each of the five main themes of the normative model are outlined emphasizing the differences and similarities between and within the study areas. Finally, Chapter 6 examines the findings. This discussion is concerned with three broad issues: the implications for the normative model including the need to make the model more dynamic and the importance of contextual issues: the implications for the regions, such as the capacity to undertake CED; and the implications for the zone board which is charged with promoting development within the region.

# **Chapter 2**

## **Economic development -- past and present**

### **2.1 Introduction**

All through history, communities once founded have prospered or declined with the strength of their economic base. However, it has only been in the second half of the twentieth century that we have seen “a policy of deliberately creating economies for the purpose of keeping communities alive” (Haigh and Murri, n.d.:4). Particularly since the end of World War II, regional disparities have been given a great deal of attention, at the local as well as at national and international levels. At the national level, regional disparities can be found between urbanized centres and the more rural hinterlands. Canada is no exception to this pattern; in comparison with other industrialized nations, it has one of the highest levels of regional imbalance (Beale, 1993:99; Savoie, 1992:3).

In Canada, governments, both provincial and federal, have been concerned about this situation and a number of policies and programs to decrease regional disparities have been implemented since the 1960s. Politicians of all stripes have viewed regional disparities as a great threat to national unity. In the late 1960s, Prime Minister Pierre Elliott Trudeau stressed that economic equality was just as important as equality of language rights, and the problem of regional development could be just as threatening to national unity as the language issue (Savoie, 1992:3, 233). Almost two decades later, during the election campaign in 1984, Prime Minister Brian Mulroney frequently mentioned regional development as a necessary element in strengthening national unity (Savoie, 1992: 98).

In the past, the methods used to address the regional problem in Canada have usually been in the form of “top-down” policies and programs, designed in Ottawa and

focused on improving infrastructure and providing incentives and grants to firms that were willing to locate in economically depressed areas. However, after almost 40 years of regional development policy, the gaps between regions still exist and in some areas have even widened (Economic Council of Canada, 1990:1). This has called for a different approach to deal with regional imbalance. One of the new approaches is “bottom-up” or community-based economic development (CED). The purpose of this chapter is to explore the main characteristics of “top-down” and “bottom-up” development, and provide an understanding of why and how the latter is expected to be more successful in helping depressed communities. While the discussion is a general overview, the primary focus will be on how these approaches have been carried out in Canada and particularly in Newfoundland.

## **2.2 Traditional development approach**

### **2.2.1 An historical overview**

Economic development as a concept and as a deliberate practice did not gain much attention until well into the last century. The Great Depression of the 1930s called for some action from government to respond to unemployment and policies were designed to address geographically uneven development (Malecki, 1991:92). However, it was not until after World War II that economic development became widely practiced, partly because Europe needed to be reconstructed after the war, and partly because with all the newly independent former colonies there was a need for a new mechanism to integrate the

developing world into the international economy (Perry and Lewis, 1994:1; Weaver, 1981:73). As the following section emphasizes, the top-down approach to development was the dominant development approach for most of the second half of the twentieth century.

In the late 1950s and the 1960s many scholars were focused on the subject of regional inequalities. Among the most influential concepts were Perroux's ideas of Growth Poles (1955), Myrdal's theory of Circular Causation (1957), Hirschman's Polarization and Trickle Down strategy (1958), and the Core-Periphery Interaction theories introduced by Friedmann (1972). Lee (1981:108) has argued that even though development thinking and practice during the 1950s and 1960s cannot be described as monolithic, a dominant model can be identified and characterized. The model's main features "can be described in terms of targets set, the instruments used to attain these targets, and the outcomes predicted" (Lee, 1981:108). The maximization of the rate of growth of national income per capita was the central target which was to be achieved through rapid industrialization and installation of the infrastructure necessary for a modern economy. To attain the targets there was a need for a strong centralized control and direction over the key processes of capital accumulation and the allocation of investment. This growth strategy was based on the belief that the growth would automatically trickle down through the entire economy. "Not only was it believed that the problem of income distribution would take care of itself, but it was also held that the maximization of growth would in the long run be the most effective means of raising incomes of the poor" (Lee, 1981:109).

Approaches to economic development in Canada have followed a similar path to that described above. From Confederation to the middle of the twentieth century, the federal government did not have any explicit policy of regional development. Rather, economic policies were directed toward the development of the national economy. This was based on the belief that a strong national economy based on east-west trade would benefit all regions (Savoie, 1992:25). Since early last century, when the regional distribution of population and industry across the country started to shift to the west, the Atlantic provinces in particular have experienced relative decline. The regional differences within the country were highlighted further by the economic depression of the 1930s since it was experienced by some provinces, particularly the Prairies, more heavily than others (Brewis, 1978:216-217). However, it was not until after World War II that the federal government set up a fiscal equalization program aimed at reducing regional disparities and enabling the poorer provinces to maintain a standard of public service closer to the national average (Savoie, 1992:26).

In 1961, Ottawa introduced the Agriculture Rehabilitation and Development Act (ARDA) which can be considered to be the first regional development program in Canada. The object was to rebuild the depressed rural economy by improving the standard of living of small farmers (Brewis, 1978:219). The aim was to increase output and productivity by providing assistance for “alternative use of marginal land, creating work opportunities in rural areas, developing water and soil resources, and setting up projects designed to benefit people engaged in natural-resource industries other than agriculture” (Savoie, 1992:27-28). A year later the federal government established the

Atlantic Development Board (ADB). In the beginning, this was only an advisory body with respect to the economic problems of Atlantic Canada, but soon after its establishment, the role was extended to funding the provision of social and industrial infrastructure in the region. The Board did not, however, provide any direct assistance to private industry to locate new firms in the region (Lithwick, 1987:126; Savoie, 1992:29).

In 1963 two other development initiatives were introduced, the Area Development Incentives Act (ADIA) and the Area Development Agency (ADA). With these initiatives there was a philosophical shift toward the private sector as the source of stimulation of growth in economically depressed areas. In order to make underdeveloped regions more attractive, the initiatives offered tax incentives and grants to firms willing to relocate or expand operations in depressed regions. However, because the focus was primarily on providing incentives and grants to firms, these measures were limited with respect to development, as they did not provide any opportunity to relate assistance to development planning (Savoie, 1992:29-30).

The establishment of The Department of Regional Economic Expansion (DREE) in 1969, marked the first concerted effort to reduce regional disparities within the country. It was hoped that by bringing a variety of program policies and institutions under the direction of one Minister rather than several, a more co-ordinated approach to regional development would be achieved (Brewis, 1978:222). In DREE's early years the growth-centre approach was highly favoured; some special areas for development were chosen and substantial amounts of public funds were committed to fuel economic development there. However, after only five years, the growth-centre approach was rejected and

instead General Development Agreements (GDA) between each province and the federal government became the heart of development efforts (Savoie, 1992:227). Under these agreements the federal and provincial governments were to work together to promote development mainly by providing infrastructure and grants. The GDAs were much more flexible than the former growth centre strategy and covered almost every economic sector. As an example, the GDA between the federal government and the provincial government of Newfoundland “sponsored initiatives in tourism, forestry, recreation, fisheries, highways, special projects for Labrador, ocean research, special projects for St. John’s, mineral development, industrial development, rural development, agriculture, and federal-provincial planning” (Savoie, 1992:59).

In the beginning of the 1980s DREE was replaced by the Department of Regional Industrial Expansion (DRIE) and new agreements, the Economic and Regional Development Agreements (ERDAs), were negotiated between the federal government and the provinces. This did not introduce any significant changes in regional development. The new ERDAs had many similarities to the former GDAs, both in objectives pursued and types of programs and initiatives sponsored. The provincial offices set up by DRIE had little influence in formulating policy or programs and the central authority still lay in Ottawa (Savoie, 1992:89-90, 95, 101).

After the mid-1980s emphasis in regional development started to change with programs such as Community Futures (CF). Even though the CF program involved allocation of considerable amount of money for infrastructure, and grants and special tax incentives to attract outside investors, interest for investment in human capital was

gaining more attention. Also CF was an attempt to involve communities and smaller regions more in the economic development process. Ottawa also tried to decentralize regional development by establishing regional agencies such as the Atlantic Canada Opportunities Agency (ACOA) which is meant to co-ordinate federal economic development activities in the Atlantic region, and to support new entrepreneurs and new product expansion (Beale, 1993:102). After many years of top-down traditional economic development, the establishment of ACOA and introduction of programs like CF seem to indicate a shift towards local level involvement. Furthermore, as will be discussed later in this chapter, the provinces themselves have become more active in encouraging a community-based development approach. However, before discussing community-based economic development further, it is helpful to look a little more closely at the characteristics of the traditional approach and explore some of its weaknesses.

### **2.2.2 The main characteristics and criticism of top-down development**

Most scholars agree on what constitute the main characteristics of traditional development. As briefly discussed in the last section, Lee (1981:108-109) identified a dominant model of economic development in the 1950s and 1960s, a model where the primary target was per capita income maximization and the instruments to achieve the target were industrialization, installation of infrastructure and strong centralized control of capital and investment. The outcome predicted was that growth would trickle down through the economy and in the end all would benefit. Coffey and Polese (1985:86) identify three traditional pillars of regional theory and policy, which resemble Lee's

discussion in many ways. These are: “the role of capital and infrastructure subsidies; migration as an adjustment mechanism; and the growth centre approach” (Coffey and Polese, 1985:86). These elements serve as a framework for discussion for the remainder of this section.

#### *2.2.2.1 The role of capital and infrastructure in economic development*

Those who advocate the traditional development approach believe that infusion of external capital can in itself result in development as this capital will be invested in the community or the region in question and create jobs for the residents (Swack. 1992:2; Swack and Mason, 1987:336). This approach takes certain things for granted, for example, that capital will provide needed development without regard to the question of the ownership of capital. Also, it assumes that the external capital will be used to invest in the community in such a way that it influences the economy of the community, and finally, it assumes that the capital will remain in the community long enough to become a permanent investment. Obviously, it is difficult for depressed regions or communities to attract the capital in the first place to get the development started, and this is where government grants and incentives fit in. Provision of incentives to firms that were willing to locate in less-developed regions has been a long-standing and widely-used strategy. The ADIA and ADA mentioned in the previous section are examples of organizational structures which were set up to deliver certain initiatives, based on the belief that capital infusion would lead to development. The Regional Development Industrial Assistance

program (RDIA) which was designed in the early days of DREE is also an example of a program where the primary purpose was to provide grants.

Although infusion of capital has generally been at the heart of economic development, many have expressed concerns that it will not lead to real, long-term development. As Swack and Mason (1987:339) have pointed out, even though external capital may come into a community or a region it is under the control and direction of external owners. The community has no control over this capital and it may not necessarily be directed towards creation of businesses that meet a need in the community.

The danger with providing grants and incentives, such as tax benefits, to firms to locate in an underdeveloped region is that once those benefits are exhausted the firm may relocate somewhere else. There is also a great danger of leakage of benefits from the community if it has to rely on external capital. As businesses make a profit, the profits are typically taken out of the community and used elsewhere instead of being reinvested in the community (Swack and Mason, 1987:339).

Perry (1993:4) has also addressed the disadvantages of outside ownership and he concludes that it is not the right way to achieve development. The arguments are that outside owned businesses are more likely to close down if the target profit levels are not reached, while locally owned facilities are often maintained at lower levels of return. Also, there is some evidence that the hiring patterns differ with outside ownership. For example it appears that more jobs are usually created by locally owned firms. Even though external capital does provide jobs to local residents, the permanent nature of those jobs is often in doubt. Usually the jobs generated for the local residents are low-paying

and low-skilled jobs while managers and skilled workers are brought into the community by the capital owner (Swack and Mason, 1987:339).

In addition to infrastructure, capital has been considered to be one of the cornerstones of economic development. It has been believed that by providing the infrastructure needed, development will automatically follow - "build it and they will come" - often seems to have been the view held. The emphasis on infrastructure in economic development programs is clear when development initiatives in Canada are reviewed. The ADB spent over half of its fund, which totalled \$186 million, on highway construction and water and sewage systems. The story of the GDAs is similar, with much of the funding directed toward infrastructure (Savoie, 1992:29). However, infrastructure alone cannot create development as many examples indicate, both from Canada and from elsewhere. To build a road to some underdeveloped community is not enough to start development if there is nothing else there. The same holds true for industrial support facilities. Constructing an incubator mall, for example, is in itself no guarantee for development.

After many decades with infrastructure and grants and incentives as the cornerstones of development policy, little has been gained. When regional disparities are addressed, it is often done by comparing economic indicators such as income per capita and unemployment rates. In the late 1980s the per capita income in Atlantic Canada was still only 80 per cent of the Canadian average. With respect to unemployment rates the disparities between the Atlantic region and Ontario in the late 1980s were wider than they had been 20 years earlier. This indicates that despite the efforts the federal government

has made to address regional imbalances, the gaps between regions have not only persisted but in many cases widened (Economic Council of Canada, 1990:1). This suggests that many of the development policies and initiatives designed over the last 40 years have failed to meet expectations. Infrastructure can certainly help to promote development, but, as will be pointed out in the discussion on community economic development in a later section, many other things are also needed.

#### *2.2.2.2 Migration and regional development*

Migration as an adjustment mechanism in regional development has its roots in the neo-classical regional adjustment model, which, according to Coffey and Polese (1985:87) assumes that population can be thought of as a set of labour inputs which can be allocated or relocated according to changing demand conditions. This model assumes that if a region experiences unemployment, labour has failed to respond to the market. With out-migration from the region the problem will be solved.

The regional adjustment model has a number of weaknesses. One of the most obvious is that it assumes that the population will move between regions to respond to demands for labour. In fact people are not fully mobile and they often fail to respond to the demands of the market particularly when they place significant value on a quality of life which is not driven solely by issues related to economic viability. Matthews (1983) sees this emphasis on social vitality as one of the main reasons why there was a strong opposition to the resettlement programs in Newfoundland in the 1960s. Language and cultural barriers can also hinder migration, as can shortage of information on

opportunities. If, however, people behave as the model assumes the national economy may benefit, but from the perspective of the originating region the impacts are likely to be negative. Educated individuals are more likely to migrate, and with them the region loses capital, education and initiative, which are exactly what are needed for local development (Coffey and Polese, 1985:87).

### *2.2.2.3 The growth centre approach to development*

The third pillar, which Coffey and Polese identify and which Lee also discusses, is the growth centre approach. This approach involves a considerable amount of state intervention, unlike the neo-classical model with its faith in the free market. In summary, the growth centre approach means that stimulus for growth in a region is created by establishing conditions conducive to economic expansion, such as infrastructure and service availability, in one or more centres. As growth occurs within the centre it starts to “trickle down” or spread to the areas around it. The rationale for this strategy, according to Hansen (1981:32), is that with limited resources it is more efficient and effective to direct development investment to a few centres than to spread it all over the national territory. The goal is not to help the growth centre *per se* but to create growth which can spread to the hinterlands such that in the end everybody enjoys the benefits.

The growth centre policy was the dominant strategy in Ottawa in the beginning of the 1970s when a number of special areas were identified for development. The rationale behind it was that because some areas, such as the Atlantic Provinces, had few cities capable of strong growth and of providing employment, many people remained in

economically depressed rural areas. The opposite was true for Ontario which had many major urban growth centres to which people from peripheral areas in Ontario could move. By establishing growth centres in less developed regions it was believed that economic growth would take place through movement and change within regions, rather than between regions (Savoie, 1992:3)

The main criticism of the growth centre strategy has to do with the spread and trickle down effects which have not proved to be as potent as originally expected (Hansen, 1981:32; Lee, 1981:109). However, Hansen (1981:36) points out that there are some who maintain that the growth centre strategy has not been implemented properly: investments have been too few and not concentrated enough, and it has not been given enough time to prove itself. It can be argued that this holds true for how the growth centre approach was implemented in Canada. Originally, 23 special areas were selected to be growth centres, but by the time the approach was abandoned, the programs included all the Atlantic provinces, eastern and northern Quebec, parts of northern Ontario and the northernmost regions of the four western provinces. All together, the areas eligible for the programs included about 30% of the country's population (Savoie, 1987:220). Also, the policy was only given five years to prove itself. Considering that economic development is a long-term process, it has been suggested that the growth centre approach was dropped before the full impact of it could be assessed (Savoie, 1987:220). It has been argued that the main reason for the disappointment with the growth centre approach was that too much was expected, not only in Canada, but elsewhere where this approach was tried (Malecki, 1991:108; Savoie, 1987:220). Savoie (1992:227) has suggested that

political pressure to extend the programs to areas that otherwise were not designated for assistance, was one of the reasons why it was dropped in Canada.

#### *2.2.2.4 The role of government in economic development*

In addition to the above factors there are a number of other things that are often considered as characteristic of traditional economic development, one being central authority and the role of government. Traditionally, when it comes to economic development, the government has had a provider role, where it provides capital and service, and delivers and manages programs (Bruce 1997:29). In Bruce's (1997:41) words: "[g]overnment agencies are the risk takers, who identify problems and devise large national programs as solutions. Governments set specific regulations and policies to control local development." This traditional perspective identifies the government as the key player in development and does not leave much room for any bottom-up approach.

In Canada, decisions concerning development initiatives have been highly centralized in Ottawa. The federal government has traditionally decided what policies to follow and how to implement these. The growth pole strategy was an extreme example of this as "DREE had scarcely consulted the provinces at all in developing its new policy direction, in formulating the growth-pole concept, or in determining how it ought to be implemented" (Savoie, 1992:42). The provinces found themselves in a "take it or leave it" situation, where, if they wanted federal funding, they had to accept the new policy as given. The provincial governments "took it", however most of them were critical of DREE and the call for a closer form of federal-provincial co-operation was made time and

again (Savoie, 1992:49). The GDAs were a step toward closer co-operation between the two levels of government and the subsequent establishment of regional agencies like ACOA was a further attempt to decentralize regional development support.

Given what is now known about the limited success of previous top-down development, it is easy to criticise how it was approached and carried out. However, there are a few things that should be acknowledged. First of all, the federal government did recognize economic disparity and tried to respond to it. Secondly, the government did try innovative ways to solve the problem and, finally the government evaluated its effort and was flexible in trying new ways. Therefore, the move towards more locally initiated development can perhaps be considered a part of a process of recognizing the problem, responding to it, evaluating the effort and trying something new as necessary.

## **2.3 Bottom up development**

### **2.3.1 The need for a new approach**

The disappointing results from traditional solutions to regional disparities have encouraged people living in depressed communities to rely more upon themselves to create jobs and generate wealth (Brodhead *et al.*, 1993:314). The need to do this has been forced by the fact that many national governments have had to face difficult fiscal situations and as a consequence less capital is available for economic development. In Canada many of the economic development programs were launched in an era when federal revenues were growing rapidly. This growth has slowed significantly and as a

result the federal government has been forced to cut back on regional development expenditures (Brodhead *et al.*, 1993:247).

Furthermore, many industrial nations have faced structural changes over the last two decades. One feature of these changes has been a rapidly growing labour force mainly associated with growing rates of female participation. At the same time industrial restructuring has involved, among other things, a re-emphasis of core-competencies and out-sourcing through sub-contracting. These, and other changes, have opened up new opportunities for small and medium-sized businesses which are better able to respond to the new demands of the industrial market place. This, along with continued growth in the labour force, has been an important factor in making small businesses, micro-enterprises and self-employment the leading sources of new enterprises and employment growth today. Evidence from Canada, as well as from other OECD countries, suggests that small and medium-sized firms are generating more jobs than larger ones (Brodhead *et al.*, 1993:348). In Canada in the 1980s, 86 per cent of all new jobs came from businesses with fewer than 50 employees, and the majority of the business enterprises had fewer than five employees (Douglas, 1994b:76)

The increasing importance of flexibility, and new communication and production technologies have allowed smaller firms to locate in peripheral regions. In some cases rural regions actually have comparative advantages as workers there may be more accustomed to flexible employment conditions than urbanized workers because of their traditions of occupational pluralism (Greenwood, 1998:139). However, the opportunities that new technologies offer are not sufficient if the capacity to exploit them is lacking.

The fact is that many regions have had difficulties taking advantages of opportunities offered by changing technology because of low educational levels, low urban density, unsophisticated labour markets and insufficient economic diversification (Brodhead et al., 1993:246-247). New patterns of exchange between local and regional economies have also been emerging with the globalization of the economy, and smaller areas are often able to by-pass national constraints and circumstances and compete directly in the global market. Innovation, specialization and flexibility are the important factors, and those regions or communities which have been able to respond to these are more likely to be among the “winners” (OECD, 1993:1).

The fact that modern economies are becoming increasingly more human resource-oriented makes education and technological innovation two of the key elements in regional development. These, as well as the necessity to cope with jobs losses, the importance of being able to participate in the global economy, and the failure of previous development approaches, have led many scholars to conclude that the national government should put the emphasis on development at the local or community level rather than at the national level (CIRRD, 1995:2-3, 51; Coffey and Polese, 1987:5).

### **2.3.2 An historical overview**

Even though community-based development has been receiving increased attention over the last few years, it is far from being a new approach. Development or improvement has been carried out at the local level all through history, and it has only been in the twentieth century, with the increasing role of government in economic development, that

development from above became the dominant approach. Even so, there are many examples of local communities working together to improve their situation.

Wismer and Pell (1981:1) trace the origin of community economic development in Canada to the establishment of co-operatives in Nova Scotia in the second half of the nineteenth century. These earliest co-operatives were not only economic institutions but social and cultural initiatives as well. By strengthening the cultural, political and economic fabric of local communities, these early co-operatives believed they could withstand increasing corporate concentration and the export of local resources to metropolitan centres, which were threatening their communities.

Even though local initiative has existed for a long time, some authors consider CED as a *special strategy* to be more recent. According to Perry and Lewis (1994:1-2) the idea of CED first took shape in the inner-city black ghettos in the US with the self-determination movement among black Americans. It soon spread out and became “broadly conceptualized as a strategy for the renewal of any depressed or depleted community, rural or urban, of any ethnic or racial concentration” (Perry and Lewis, 1994:2).

This movement soon took root in Europe and Canada and one of the examples of early community and rural development organizations in Canada was the establishment of Regional Development Associations (RDAs) in Newfoundland. Established in the late 1960s and early 1970s, it is ironic that the RDAs were mainly formed to respond to the top-down resettlement programs of the Provincial government. Since only a few communities in Newfoundland had municipal government at this time there was no

obvious organizational body which rural people could use to demonstrate their opposition to the resettlement program. Therefore the RDAs represented a mechanism for rural people to organize their interests and represent themselves in public policy for the first time (Fuchs, 1995:57, 59).

However, it was not until the 1980s that the federal government of Canada started to show real interest in CED. In 1986 it introduced the Community Futures Program (CF) which was designed to be a locally-based, self-help program to assist small communities work toward community development. This program became widespread and by 1994 more than two-thirds of Canada's rural population was covered by it (Douglas 1994b: 94-95). Once a region or a community became a Community Futures Area, it nominated individuals for a Community Futures Committee, which were then appointed by the Federal Minister of Employment and Immigration. "The role of the Community Futures Committee is to co-ordinate economic development planning and related initiatives in the area, act as a catalyst for development initiatives and access other components of the programme that might benefit the community" (Douglas, 1994b: 94). Among those other components of the CF program were Business Development Centres intended to assist with local business development, and the Self-Employment Assistance program which helped those that were on unemployment insurance but wanted to start their own small business (Douglas, 1994b: 94).

Over the years, the CF program has gone through substantial changes. The original CF function which greatly involved planning has significantly diminished as the CFs and the Business Development Centres have been amalgamated into local lending institutions

(Greenwood, 1997: 130). The program can hardly be considered a pure bottom-up development since all program design and administration has been carried out through federal offices in Ottawa and appointments made by the Federal minister. However, the CF program may be viewed as a step toward bottom-up development since an attempt was made to include local residents in its implementation.

At the provincial level, governments have also started to recognize the need for CED. In Newfoundland, for example, the provincial government established The Royal Commission on Employment and Unemployment in 1985 “to investigate all aspects of employment and unemployment in the Province” (Royal Commission, 1986:13). In its final report, the Commission stressed that if the Province were to achieve economic development, its regions must be given greater autonomy in the development process. It also recommended that special emphasis should be put on community and regional development as a way to address regional disparities within the Province (Royal Commission, 1986:251.364).

In 1992 the provincial government released *Change and Challenge*, its Strategic Economic Plan (SEP), where the importance of regional and local development is further stressed (Newfoundland and Labrador, 1992). The plan argued that to meet the challenges the Newfoundland economy was facing some fundamental changes would have to take place: people would have to become more enterprising, innovative and better educated; government would have to give more attention to long term development and planning; and a new partnership was considered necessary among government, community groups, business, labour and academia (Task Force, 1995:19). To implement

the development policies introduced in the SEP, the Province was divided into seventeen economic zones<sup>1</sup> which were thought to “provide for better co-ordination and integration of economic planning and development activities” (Newfoundland and Labrador, 1992:16).

In 1994 a Task Force was established to address the future direction of CED in Newfoundland. In its final report, the Task Force advocated a community-based approach to development which it referred to as “The New Regional Development.”

**The New Regional Development** embraces the principles of community development and adapts them to the requirements of economic competitiveness and sustainability. It advocates the combination of community and business development skills, but extends them to the regional level where social and economic activity increasingly takes place (Task Force, 1995:15).

The principles advocated in the new approach emphasized, for example, sustainability, entrepreneurial culture, human resource development and partnerships (Task Force, 1995:15-17). As of 2000 implementation of the zone approach is well under way since all of the twenty zone boards have completed their strategic economic plans and are in the process of implementing the development activities outlined in the plans.

Over the years “bottom-up” development has evolved and the emphasis has changed. Bryant (1997:9-10) has summarized the main characteristics of local development in Canada until the end of the 1980s. A critical element has been the important role local municipalities have played in development. A second characteristic

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<sup>1</sup> Seventeen economic zones were designated in 1992, however, that number has since been increased to twenty.

Bryant discusses is the link often found between the municipal approach to development and the industrial development model. In order to attract external investors and industries, municipalities have made an effort to market themselves with brochures and profiles emphasizing the advantages of their area. Third, early local development was characterized by focusing on “gaining access to public funds in a government program” (Bryant, 1997:10). Limited attention was paid to the human factor and participation and co-operation were seen as of minor importance. The last characteristic of early local development was a lack of coherent planning.

In recent years the focus of local development has changed. It is now often concerned with the area beyond the community, such that in many cases it has become more of a *regional* development approach. An example is the Community Futures Program where a number of communities form a Community Futures Area. The economic zone approach in Newfoundland is also one that gives more emphasis to development of the region. Another shift can be seen in the importance given to improving the “quality of life”, with greater attention now being paid to social, cultural, and ecological issues as well as economic ones. A third change has been the encouragement of co-operation among groups and organizations and participation by stakeholders generally, and a fourth is the recognition that strategic planning has a key role to play in successful development (Bryant, 1997:10).

This section has provided a brief overview of CED in the past, where it came from, how it has changed and how it has become more recognized as a potential way for communities to develop. The rest of the chapter is a more in-depth discussion of what are

thought to be the main characteristics of successful CED. To do this an understanding of the concept of CED is necessary, hence a brief look at some CED definitions provides an introduction to the discussion.

### **2.3.3 Definitions**

There are many different terms used to describe bottom-up development and reviewing the literature can be confusing. Some of the most common examples of the terminology for bottom-up development include “local development”, “community development”, “sustainable development”, “endogenous development” and “community economic development”. Whether there is any real difference between these terms is difficult to say: some authors use them interchangeably, while others try to make some distinctions. Shaffer (1989:8), for example, introduces the term “community economic analysis” which he says “occurs when people in a community analyze its economic conditions, determine its economic needs and unfulfilled opportunities, decide what can and should be done to improve economic conditions, and then move toward agreed-upon economic goals and objectives.” To him, community economic analysis has a more technical connotation than CED, which is more policy oriented, however, he uses these terms interchangeably.

Both in Douglas (1994a:27) and in *Community Matters*, the Report of the Task Force on Community Economic Development in Newfoundland and Labrador, an attempt is made to distinguish between community development and CED. The Task Force Report, for example, defines *community development* as:

... the collective process by which residents and communities become responsible for, organize for, empower themselves, plan for and achieve sustainable social, economic, and environmental development and a substantially self-directed future (Task Force, 1995:14).

*CED* on the other hand, is defined as:

... a process which focuses on wealth creation, job creation, value-added activities, business and co-operative development, and enhanced viability for the community, the region and the province (p. 14).

While seemingly similar, the Task Force stresses that the key difference between community development and *CED* is that the latter must be driven by economic goals. Furthermore community development seems to be considered as a more holistic approach than *CED*.

Douglas' (1994a:14) view of *CED* is closer to how the Task Force defines community development. To him *CED* is "about *control, power* and *choice*. It is about livelihood, in the broadest sense, and the initiatives of people with a common cause to secure the viability and quality of their community through enhanced economic opportunities." Community development is the logical extension of *CED* which "treats the community as an integrated socio-economic entity within its biophysical environment. The reality of an integrated ecosystem is respected, and problems and opportunities are approached in this manner" (Douglas, 1994a:27).

It seems that Douglas, with his stress on an integrated ecosystem comes close to what some would prefer to call sustainable development. The similarity can be seen by looking at Dykeman's (1990:6-7) description of the sustainable community:

Sustainable communities are those that aggressively **manage and control** their destiny based on a realistic and well thought through **vision**. Such a community-based management and control approach requires that a process be instituted within the community that effectively uses **knowledge and knowledge systems** to direct **change** and determine appropriate courses of **action** consistent with **ecological principles**. The **process** must be **comprehensive** and address social, economic, physical and environmental concerns in an **integrated** fashion while maintaining central concern for present and future welfare of **individuals** and the **community**.

Here, Dykeman addresses many of the issues that were included in both the Task Force definition and in that offered by Douglas. Dykeman does not distinguish between sustainable development and CED but rather he states that a sustainable community is the goal which can be achieved by using the CED process (p.19).

The line that distinguishes between the various terms is a fine one and it is debatable whether there is any real differentiation in meaning since many authors treat terms such as CED, community development and local development as synonymous. Having said that, it should be stressed that the way scholars approach “bottom-up” development can vary significantly as to what are considered to be the main goals and how to reach these goals. Lamarche (1995:236), for example, discusses different approaches to CED when identifying three main streams of research on local development through the period from 1950 to the 1990s: the “Market Approach”, the “Basic Needs Approach”, and the “Mixed Bag Approach.”

The first stream, the market approach, is in some way an extension of regional development concepts, theories and practices that were created in the 1950s for the development of larger regions. Those who advocate the market approach see the capacity of a community to compete in the world market place as a key factor for growth of the

community (Lamarche, 1995:241). In the literature, the emphasis is often on growth, planning, location, entrepreneurship and businesses. Among those who favour the market approach is the Organization for Economic Co-Operation and Development (OECD, 1993). In a document prepared for the OECD the main reason for the difficulties many old industrial areas and backward rural areas are facing today is seen to be that they have failed to keep abreast of structural changes in the world economy. To adjust to new circumstances, regions have “to increase competition in product markets, to strengthen the responsiveness of both capital and labour, and to secure increased efficiency and effectiveness in the public sector” (OECD, 1993:8). In the document four factors are identified as building blocks of the local development approach: human resources, knowledge and awareness of markets, the role of new, small businesses, and the role of the local area. These factors are all discussed from the point of view of how they can help areas and/or firms to cope with structural adjustment and compete in the market place (OECD, 1993:20-22).

The market approach has also been favoured within the European Union (EU). Keane (1990:292) discusses the approach to local development adopted by the EU and says it is based on the belief “that development can be generated through market forces.” This, however, creates problems for many small communities since they find it hard to compete in the market place with more urbanized regions. Keane sees capital as one of the key factors in local development. Capital goes where the profitability and rates of return are high, and the problem many rural areas face is that they lack opportunities that can offer a sufficient rate of return to attract private capital.

The “basic needs perspective” is Lamarche’s second stream, which has roots in the sociological literature of the 1960s and 1970s. The advocates of this approach tend to believe:

that the first priority in local development should be to promote primarily a revitalisation of the housing and service infrastructure of a community ... that if the socio-economic environment in the town is good, the economic situation will improve, firms will be drawn to it, and the community will grow (Lamarche, 1995:244).

The literature which focuses on this approach pays considerable attention to the role of local development organizations (LDOs). In Brodhead *et al.* (1993) the authors refers to LDOs as umbrella organizations which can include all forms of community organizations. Even though they see the participation of Chambers of Commerce, co-operatives and industrial commissions as helpful, they do not determine it as essential. To Lamarche, this is the basic difference between the market approach and the basic needs approach as in the market approach organizations such as the Chambers of Commerce *must* play a key role in development.

The third stream, which Lamarche refers to as the “mixed bag approach”, is “a collection of disparate approaches that have found some resonance in a few segments of the planning community such as studies on multi-community development, local empowerment, and the special case of fishing communities” (p. 236). Nozick (1992, 1993) is one of the scholars whose approach Lamarche groups under the mixed bag approach. With the focus on local empowerment, Nozick emphasizes the importance of local control, local decision-making and self-reliance. Swack and Mason’s (1987:327)

views toward local development can also be considered to belong to this approach, as to them:

**community economic development offers an effective and unique strategy for dealing with the problems of poor people, powerless people, and underdeveloped communities ... community development seeks to change the structure of the community and build permanent institutions within a community.**

Fontan (1993) is another author who has made an attempt to group the CED literature according to how scholars choose to approach the matter. In his review of Canadian, American and European CED literature, he identifies two approaches to local development -- liberal and progressive. Liberal local development initiatives are mainly focused on "repairing the economic fabric of the private sector in order to create jobs" (Fontan, 1993:6). Progressive local development initiatives are much broader as they "offer a development model where the notions of social solidarity, individual and collective empowerment and actual control over local resources and their development are the heart of the desired change, the proposed social contract" (Fontan, 1993:7).

It seems that what Fontan calls liberal local initiatives have many things in common with what Lamarche identified as a market approach, the emphasis being job creation with the belief that other improvements will automatically follow. What Fontan identifies as progressive initiatives is, on the other hand, almost a combination of Lamarche's basic needs approach and the mixed bag approach, in which social, cultural, and environmental issues are considered essential together with economic issues.

As the above discussion suggests, views on the way to address CED varies, and, as a result there is no one definition of CED which all authors agree on. However, by

reviewing the CED literature there appears to be a number of themes which are frequently mentioned as characteristics of CED, things like “holistic approach”, “self-reliance”, “long-term process”, “local control”, “co-operation”, “participation”, and “human resources”. Just as there are various ways to address CED, terms like these can be interpreted in many ways and therefore they have to be defined carefully to prevent misunderstanding. The remainder of this chapter provides a more in-depth discussion about the characteristics of CED which the literature often considers essential for successful CED.

The working definition of CED adopted in this thesis is borrowed from Brodhead *et al.* (1993:261) and summarizes the issues which different scholars see as the core of local development. This particular definition suggests that:

Community economic development (CED) refers to a particular form of regional development, in which local resources play a principal role. The main objective of CED is self-reliance and the fulfilment, through local control, of long-term community social, cultural, economic and political needs (Brodhead *et al.*, 1993:261).

#### **2.3.4 Key elements of CED**

A key question that many authors on CED have focused their attention upon is that of what makes CED successful. While the key success elements vary between scholars depending on how they choose to approach the issue, there are a number of factors or principles frequently identified in the CED literature as underlying requirements for successful CED. Based on a review of the CED literature, particularly the works of Douglas (1989, 1994), Dykeman (1990), Nozick (1993) and Bryant and Preston (1987),

Smith (1997) proposed a normative model of successful CED incorporating elements which are frequently identified as the foundation of progressive development thought.

Smith (1997:86) uses the analogy of development as a “journey” where the “destination” is a sustainable community, but the “vehicle” to get there is the CED process. He identifies five principles which all have to function if the vehicle, a bus in the analogy, is to reach its destination, that is, for development to be successful (see Figure 2.1). The engine or the driving force of the bus is entrepreneurial spirit. This is the principle which powers the CED process. The second element is local control, which, using the bus analogy, is represented by the driver of the CED bus. Just as a bus operation needs passengers to be viable, the CED process would be meaningless without people to benefit from it and support it. Hence community support is the third principle.

Any journey requires some initial planning. The destination is known but how to get there has to be determined. In Smith’s model the route map symbolizes the planning process. The vision of the people on board the bus (both the driver and the passengers) represents the principle of holism where the landscape around the bus stands for the conditions and opportunities of the development process. In a way the principle of holism is a synthesis of the other four elements considering all aspects of the development process and integration between the various concerns.

However, just because all of these elements may be present there is no guarantee that a community will be successful in its development attempt. Nonetheless, their characteristics can significantly influence the chance of local development being successful. In this thesis Smith’s normative model is used as a point of departure for a

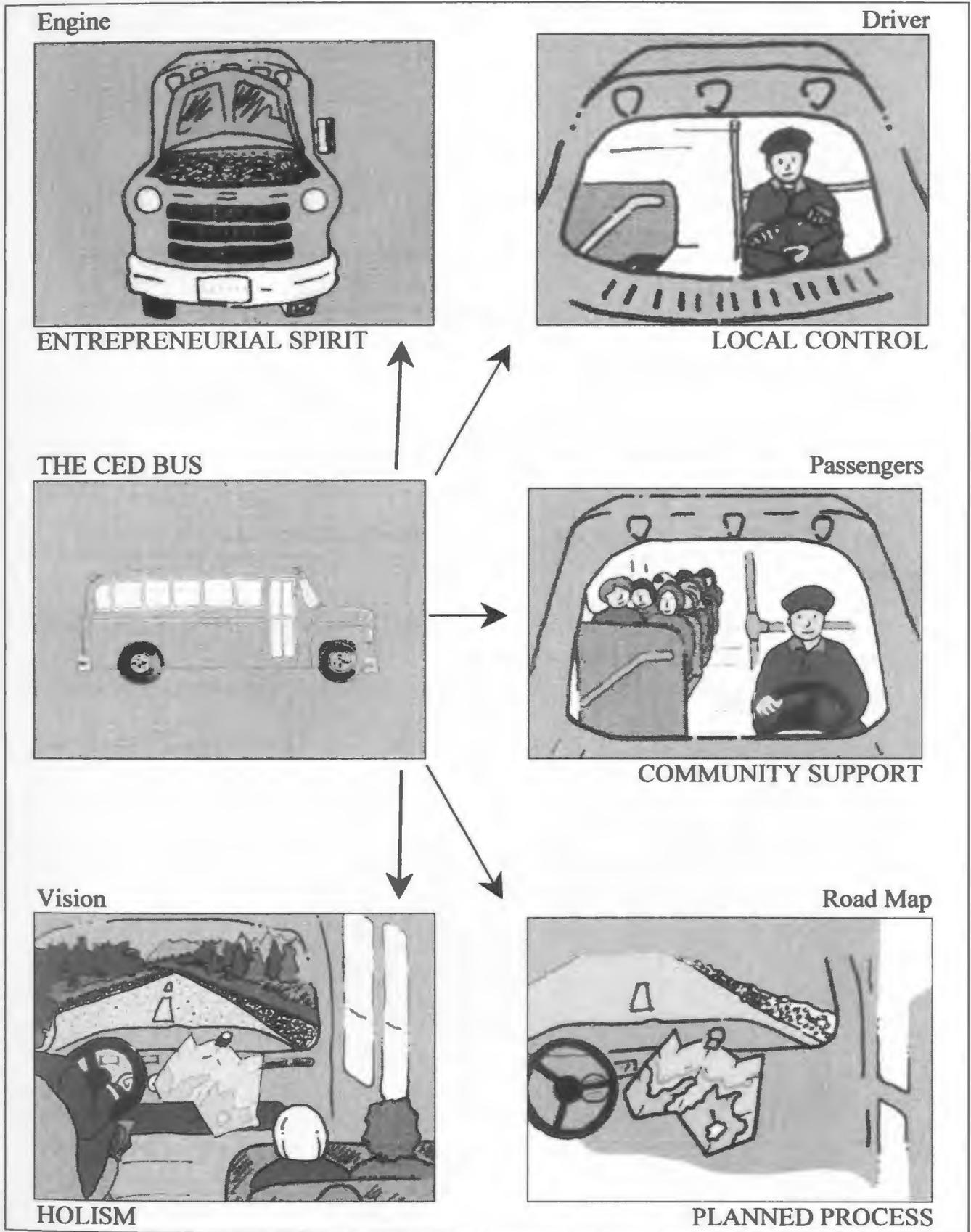


Figure 2.1 The normative model of CED

discussion of key CED characteristics. While the five principles provide the general framework for CED, each of the elements is multi-faceted. Therefore, Smith further divided each principle into a number of sub-themes (see Table 2.1). This is a useful way of getting a deeper and more focused understanding of the CED principles. However, as is apparent in the following discussion the sub-themes are often strongly interrelated and there are often overlaps where one sub-theme is not easily distinguished from another.

**Table 2.1 Principles of CED**

<b>Principles</b>	<b>Sub-themes</b>
Entrepreneurial spirit	<ul style="list-style-type: none"> <li>☒ self-reliance</li> <li>☒ positive attitude</li> <li>☒ risk-taking</li> <li>☒ creativity and innovation</li> </ul>
Local control	<ul style="list-style-type: none"> <li>☒ local control and ownership</li> <li>☒ local leadership and decision making</li> <li>☒ utilizing local resources</li> </ul>
Community support	<ul style="list-style-type: none"> <li>☒ public participation</li> <li>☒ volunteerism</li> <li>☒ community capital</li> <li>☒ cooperation and partnership</li> <li>☒ sense of community</li> </ul>
Planned process	<ul style="list-style-type: none"> <li>☒ long term process</li> <li>☒ knowledge based</li> <li>☒ participatory</li> <li>☒ accountability</li> <li>☒ flexibility</li> </ul>
Holistic approach	<ul style="list-style-type: none"> <li>☒ inclusive</li> <li>☒ integrative</li> <li>☒ economically diverse</li> </ul>

Based on Smith 1997.

### *2.3.4.1 Entrepreneurial Spirit*

Whether or not a community can successfully respond to changes and take charge of its own future depends very much on the entrepreneurial spirit within the community. An entrepreneur is, according to Bryant's definition:

a decision-taker who can identify an opportunity, assemble the necessary factors of production and resources and transform an idea into a marketable product or service ... Acting in this entrepreneurial mode necessitates taking initiative and assuming risks (Bryant, 1989:340).

Although the behavior and attitudes of individual residents is of great importance, the community as a whole still has a role to play in creating an environment favorable for local development, one which encourages entrepreneurial spirit. Together the attitudes of the residents, politics and regulations, and available services will affect the degree to which the local environment is conducive towards entrepreneurship.

Entrepreneurial spirit takes many forms in a community, but the most basic form is probably the creation of new businesses and employment opportunities. Small businesses have often been considered one of the cornerstones in this respect. A report from the OECD summarizes many arguments frequently made for the importance of small businesses stating that small and new businesses:

have a key role in job creation, innovation, and in maintaining real competition in the market place; they help to diversify and stabilise the local economy and local employment in that they are less likely to move away, being closely tied to their location, often because markets are local and because the owner is a local person. Some of them have a particularly strong growth potential (OECD, 1993:22).

“Smokestack chasing”, which involves attempting to attract large plants or operations to rural communities, has been widely practiced as a part of development initiatives. However, approaching development from this angle has often made communities more vulnerable since those plants were usually not locally owned, owed little allegiance to the community, were frequently significantly affected by “global” market conditions, were unstable in terms of employment fluctuations (openings and closings), and the local jobs created were often low-skilled and low-paid (Swack and Mason, 1987). Given that many rural communities do not have the potential to establish large businesses, and the disadvantages that can follow outside ownership, it is no wonder that CED advocates tend to emphasize the role that small businesses can play in local development. In a study by Young and Charland (1991:40) of eight communities which had all “successfully” implemented a CED approach, in each case “the development of small, home-grown businesses played a key role in initiating the development process.”

Entrepreneurial spirit can be seen in other forms including, for example, the attitude towards *self-reliance*. Arguing for the importance of self-reliance the Royal Commission on Employment and Unemployment in Newfoundland states that:

One of the major changes in western societies during recent years has been a dawning realization of the limits of the welfare state. We now know that the state is simply not able to satisfy all the needs of all its citizens. People have to become more self-reliant: they have to rely more upon themselves, their households and their communities to meet their economic and social needs (Royal Commission, 1986:314).

Wismer and Pell (1981:6) argue that as different as CED projects can be, all have in common the goals of greater local self-reliance. To them greater local self-reliance means

many things, for example, it may involve jobs, decreasing dependency on outside sources of goods and services, and decreased dependency on outside funding sources for development projects. Looking inward rather than outward, and building on internal strengths and resources is a key aspect of self-reliance according to Nozick (1992:43). She sees self-reliance to be based on wealth of the community and for that reason the goal of a self-reliant community must be “to enhance the pool of local wealth through discovery and development of a community’s existing resource base” (Nozick 1992:45). Nozick suggests a number of ways to create wealth within the community, such as by maximizing the use of existing resources, circulating money within a community, import replacement by making things within the community which are generally imported, creating new products, and trading with equal partners (Nozick, 1992:45; Nozick, 1993:21).

Self-reliance in the form which Nozick sees it may be preferable but is probably idealistic. Greenwood (1997:132), for example, argues that community development which promotes “local self-reliance, rather than outward-looking trade and exchange, cannot provide a viable economic basis for communities in a global economy.” Considering new information and production technology, global sourcing and marketing, and international competition, Greenwood (1997:132) concludes that a strategy of self-reliance is impossible as communities do not exist in isolation, but must interact with the larger world. Greater self-reliance can be a goal of CED where it is defined in terms of the vision of what the community wants to be and attempting to ensure that subsequent growth and developments is consistent with this vision.

Self-reliance in CED is, however, about more than economic self-reliance. It also involves greater self-reliance in terms of the development process and the goals of development. It involves the community generating and initiating development ideas and it involves attitudes that recognize that "if something is going to get done here, we'll have to do it ourselves" (Smith, 1997:89). A way towards greater self-reliance in this respect can be, for example, through increasing self-help capacity in communities by "developing and fostering community skills in such areas as planning, financing and managing projects so as to generate and support local economic development" (Keane and O'Conneide, 1986:287).

*Positive attitude* is also an important theme -- the belief of the local people that they can accomplish their objectives. What separates CED from many other economic development approaches is a firm belief in the potential of people and the requirement that people have a firm belief in themselves. With CED it is assumed that people have both the intelligence and the ability to control their own lives and are able to make good decisions concerning what is best for them (Wismer and Pell, 1981)

Perry and Lewis (1994) studied ten communities which all had adopted some form of CED initiatives and found that a common theme in all cases was that the initiatives created hope for the people involved. It is extremely important that people have hope and believe in what they are doing as "[p]eople without hope become people who cannot cope. And people who cannot cope become dependent individuals, families, and communities" (Perry and Lewis, 1994:190).

The Royal Commission on Employment and Unemployment held similar views in discussing the need to overcome pessimistic attitudes in Newfoundland. It found that it was all too common that:

Newfoundlanders today are sceptical, negative, cynical or pessimistic about the future, for themselves and their society. Such negative attitudes have a dangerous tendency to become self-fulfilling. If people expect the worst, the worst is only too likely to happen (Royal Commission, 1986:33).

The attitudes within a community and how outsiders look at the community will affect the development process. If local people have no faith in themselves and what they can accomplish, outsiders can hardly be expected to believe in the community. CED, however, with its built-in belief in people, can help to restore image and confidence in a community or a region and by doing so enhance its possibility of success (Keane, 1990:294).

*Risk-taking* is another key aspect of the entrepreneurial spirit. Individuals or communities may be able to identify opportunities, but only those who are willing to take action, even though risk may be involved, can be considered to have an entrepreneurial spirit. Spilling (1991:35) argues that entrepreneurship goes beyond breaking patterns and combining available resources in a new way, to actually “implement the ideas into new firms or some kind of societal organization.” As such entrepreneurship always involves taking risks. Bryant (1989:340) states the same thing when describing an entrepreneur as someone who can “transform an idea into a marketable product or service.”

While entrepreneurial leaders willing to take risks are very important for the CED process, the community itself has to be willing to allow its leaders to do so when making

decisions concerning development of the community (Dykeman, 1990:14). Bryant (1989:345) states that lack of favourable attitudes towards doing things differently, which often involves risks, is a hindrance for many communities in their attempt to address development, even where there is some real development potential. Allowing the leaders to take risks goes back to the issue of attitudes within the community, whether or not the community believes in the development process and how open it is to new ideas.

Closely related to the notion of risk-taking is the willingness to try something new -- *to be innovative and creative*. Bryant and Preston (1987:59) consider innovativeness and creativity to be "critical in trying to identify and initiate new alternative development options or to maintain life-style in the face of other pressures." Nozick (1992:57) also addresses the issue of creativity and innovation and to her entrepreneurial inventiveness and creativity are the most important human resources in creating new wealth for a community. Invention can help a community to:

learn how to extract more from the resources we already have and so create wealth which hadn't existed before. Creativity is needed in community economic development projects to stretch scarce resources to their limit and to make more out of less. It is also needed to discover unconventional market niches for businesses (Nozick, 1992:57).

Spilling (1991) provides an interesting example of how the community of Melbu in Northern Norway has acquired a national reputation for its non-traditional and experimental development strategies which to a great extent have been based on cultural initiatives. Spilling argues that cultural entrepreneurship, as he chooses to refer to Melbu's development approach, can stimulate creativity and economic development as "[c]ultural activities may inspire creativity in various industrial sectors" (Spilling,

1991:41). Even though Melbu's development strategy has not been primarily focused upon industrial development "there seem to be some effects of importance to local economic development" (Spilling, 1991:44).

#### *2.3.4.2 Local control*

*Local control* is the second principle identified in the normative model and is seen by many as the core of local development. One of the stronger arguments for CED is that local people should be the ones that set priorities and choose the strategy to follow since they must live with the consequences (Savoie, 1995:300; Perry and Lewis, 1994:5).

Bryant and Preston (1987:55) stress the importance of local control and argue that local development implies that "the local community plays an active role in the articulation of its own goals and objectives." Furthermore, they state that local development also implies "an active role for the community in the choice and implementation of development strategies." Some might argue that true local control means that ideas have to originate in the community and businesses and capital have to be owned and controlled by local people. Bryant and Preston do not agree totally with this assumption and point out that ideas and investment may originate outside the community, as long as the implementation comes from local people and the development fits with the goals and objectives set locally. Local control over the development *process* is the key thing here.

Perry and Lewis (1994:5) discuss the practical advantages of real community control in some detail, stressing for example, that outside initiatives tend to ignore local

knowledge such as previous failures and successes, knowledge which can be highly valuable when new projects or programs are introduced. Also, local people have better understanding of “how local values and customs influence work efficiency, and they can accommodate and adjust programs to take advantage of that understanding” (Perry and Lewis, 1994:5). The “ownership” of decisions is also important as “local energy can be mobilized for local decisions when they cannot be for outsiders’ decisions” (Perry and Lewis, 1994:5). Among other advantages which they consider is the fact that local control generates local learning, and that local control decreases dependency on the outside.

The principle of local control can be expanded to include local leadership and local resources as well. *Local leadership* can be a key factor for success as Young and Charland (1991) found in their study of successful implementation of CED approach. All of the communities in the study had in common a local leader, usually the Mayor “who got things started, made sure things got done and kept things moving” (Young and Charland, 1991:40). Reed and Paulsen (1990:26) came to a similar conclusion in their study on small towns in Nebraska. They found that the size of the population of a town was a major factor in CED activity, however, when comparing the success of communities of similar size, the key success factor seemed to be strong, committed leadership. The importance of local leadership is also stressed by the OECD which considers it to be one of the invisible factors behind success since “an effective local leadership [is] able to unite and inspire decision-makers, win the commitment of the local community (or local authority), and lobby higher levels of government” (OECD, 1993:23). Douglas (1989:31)

also discusses local leadership and says that even though concrete economic dividends have not always followed “increased awareness, vitality and community initiative most certainly have emerged as a result of local leadership.”

If strong local leadership is essential for successful CED, this leads to the question of where the leadership is likely to come from. Results from a study by the Atlantic Provinces Economic Council and Bryant (1993:39) on conditions for successful CED in the Atlantic Provinces and Eastern Ontario show that “the most active leadership in Atlantic region CED came predominantly from ‘transplants’ (38%) or ‘native sons and daughters’ (26%) who moved away and then returned to the community after a substantial time away.” Flora and Flora (1988:3) bring up this same point in their discussion on entrepreneurial communities and say “often newcomers to the community (those of fewer than ten years residence) are active in leadership positions ... They bring with them a convert’s appreciation of the community and an awareness of outside forces acting upon it.” This is often a burden to entrepreneurial newcomers as locals may be less willing to accept new or “foreign” ideas.

Leadership does not only have to come from individuals. Community organizations of various kinds often take on leadership roles. In many cases the leadership comes from the municipality; however, local development associations (LDOs) and groups such as Chambers of Commerce are also organizations which frequently carry out community development (Douglas, 1989:37; Brodhead et al., 1993:288). In fact, studies have shown that active community organizations can be critical to the success of CED initiatives

(Brodhead et al., 1993:320; Perry and Lewis, 1994:199). Brodhead et al. (1993:318)

summarize the importance of LDOs when they say:

To some extent, LDOs have taken up the slack where government and the private sector have been less active (or successful). By mobilizing underutilized resources, identifying and exploiting business opportunities, and undertaking a local research and development role, and helping to set local development priorities, LDOs have successfully undertaken long-term planning ... They have played a crucial leadership role by encouraging local initiatives and involvement.

Community development corporations (CDCs) are one type of LDOs. These are usually non-profit, formal, incorporated organizations formed by local residents. Some of the characteristics of CDCs are: pursuing a comprehensive strategy to revitalize their community; knowing their communities and what will work; investing in people, land, buildings and businesses; providing an opportunity for local residents to develop financial and economic skills and investing assets and resources for the future in a long term orientation (Zdenek, 1993:18).

*Utilization and control of local resources* is still another aspect of local control.

This is a theme which is closely interrelated with self-reliance discussed in section 2.3.4.1. In fact, Smith (1997:93) states that while the principle of entrepreneurial spirit is focused on the importance of a self-reliant *attitude*, the principle of local control is concerned with the importance of a self-reliant *action* where utilizing local resources is a core issue.

Bryant and Preston (1987:55) argue that the utilization of local initiative and resources plays a key role in local development. Nozick (1992:45) strongly agrees with that since, as previously discussed, to her "the goal of a self-reliant community is to

enhance the pool of local wealth through discovery and development of a community's existing resource base." She argues that all communities, no matter how poor they may seem "have some means to produce wealth, but often the resources may be hidden or lying dormant" (Nozick, 1992:45). This view is also reflected in the views of the Economic Council of Canada (1990:3) and Perry (1993:5) each of whom stress that communities are depressed, at least partly, because local resources are not being adequately exploited. The challenge may be to identify these resources, which can include, for example, natural resources, facilities which are not being used, cultural assets, fiscal resources, and human resources.

With respect to natural resources, such as fish stocks, forests, mines etc., communities rarely have control over these, but rather they are under the control of the government or outside owned businesses. Just as expecting complete self-reliance is unrealistic, so is complete community control over such resources. Therefore, when talking about control over resources in CED it may be more appropriate to refer to the community's ability to influence decisions concerning utilization of these resources rather than to control them *per se*.

Local financial resources is an issue which has been gaining attention within the CED literature, particularly because many communities have found it hard to access capital for development. Small and new businesses play an important role in the CED process, but to establish a new business or to expand an existing one, access to capital is essential. Likewise, if a community is undertaking a strategy to gain control over its resources, it often needs capital to do so (Swack and Mason, 1987:333). Lack of capital

can set real constraints to local development and slow the process down significantly. There are many reasons why underdeveloped communities find it hard to access the capital needed for the development process. As Keane (1990:294) has emphasized, capital tends to go where the rates of return are highest, and because depressed communities cannot offer many profitable opportunities, private capital often avoids those places. Therefore authors argue that it is important to recognize and to try to mobilize local capital resources which do exist in many communities in the form of saving accounts, retirement savings, etc. (Bryant and Preston, 1987:57).

Human resources are seen by many as the most important local resources which a community can utilize in its development efforts (Bryant and Preston, 1987:57). One of the reasons why small rural communities have not been fully able to adjust to structural changes is because their human resources have remained underdeveloped. The OECD has identified human resources as one of the building blocks for local development, and emphasises that:

Skill levels and the quality and versatility of the work force strongly influence whether or not firms can cope with structural adjustment. The skills involved are not merely technical or vocational, but also entrepreneurial: the ability to manage and innovate, the capacity to analyse and solve problems, to negotiate, co-operate and take decisions (OECD, 1993:20).

As this suggests, developing the human resources within a community can make a great difference as to whether or not economic development will be successful. This is even more important for those communities that are left with little else other than their human resources, as is the case with many single industry communities. Improved education and training is generally seen as the best way to develop human resources further and many

CED projects have been education or training oriented (Brodhead et al., 1993). The need for education and training was, for example, recognized in the final report from the Royal Commission on Employment and Unemployment in Newfoundland which states that:

Today we live in a world of rapid technological change, automation and computerization, a world undergoing a transformation from an industrial to a post-industrial society. If Newfoundland is to meet the challenges to this new age, we must become a highly educated people with modern skills and training (Royal Commission, 1986:313).

Even though the CED approach is based on local control, including control over the development process, local leadership and local resources, not every community has all that is needed for success. It is important to recognize that assistance from outside is often needed. There may be a need to bring in people from outside to supplement the skill of local leaders, as well as to bring in capital resources. The key thing is that the decision about bringing in outside help or resources is made within the community and what is imported is meant to supplement what is already there, not to replace it (Perry, 1993:3; Wismer and Pell, 1981:4). If there is a need to replace something, then that decision too should come from the community.

#### *2.3.4.3 Community support*

Douglas (1994a:27) suggests that CED is “a process through which development *of* the community is pursued *by* the community.” For development to be pursued by the community, community support through *public participation* is essential. Public participation and community support are closely tied to the issue of attitudes discussed

under entrepreneurial spirit, as people who do not believe in the development of their community are unlikely to commit themselves to help out. Dykeman (1987:8) puts forward strong arguments for public participation which he considers to be:

a necessary requirement for the preparation and implementation of a development strategy. Involvement of the public helps to encourage the sharing of information which, otherwise, may not be available. It also helps to develop an understanding of the community development approach which should, ideally, translate into support. Community based support can help develop more positive attitudes about the community among residents, contributing to a more positive entrepreneurial and investment climate.

Public participation can also give direct benefits to the individuals involved, since by participating in the development process people get opportunities “to develop new personal, and possibly entrepreneurial, skills” which may increase the ability of the community to adjust to changing conditions both locally and globally (Keane, 1990:294).

Participation also means that groups like the unemployed, women and Aboriginal people get the opportunity to be involved in the development process as “community control means that the decision-making processes and organizational structures within a community need to be especially designed to give all members of a community the power and means to manage their own affairs” (Nozick, 1992:99). All too often minority groups have been excluded and had little influence in traditional development (Brodhead *et al.*, 1993:263).

*Volunteerism* is a theme closely related to public participation. The role played by volunteer groups is significant for the CED process as organizations such as LDOs and Chambers of Commerce are often the key stakeholders and have in many cases taken on

the leadership role. Rogers (1987:354) identifies the major function or role for volunteerism stating that:

voluntary activity exists because it provides services to people which they want, often responding with speed and with a minimum bureaucracy ... the voluntary sector has often shown itself to be especially innovative and flexible in devising means for service delivery ... voluntary action exists because volunteers themselves (as opposed to their 'clients') need to respond to altruistic feelings regarding 'charitable acts' or the pride and pleasure which cooperative activity gives.

Organizations like Chambers of Commerce will be very much concerned with the economic aspect of the development process. However, as discussed in the section on definitions, CED is not only focused on economic development but is also concerned with improving quality of life. For that reason groups oriented more towards charity and community betterment also have a part to play in the development process. For example, organizations like Lions Clubs and Kinsmen often provide services and the support needed within the community for projects such as building playgrounds and organizing events for senior citizens and youth. Communities can really benefit from having active volunteer groups. The direct benefits for the individuals involved are that they become part of the development process, they are directly involved instead of being passive, and they get the opportunity to help to shape the future of their community.

Mobilizing *community capital*, for example through local fundraising, is another way of expressing community support for the development process. This ties back to the discussion of local financial resources which many authors argue exist in most communities (Bryant and Preston, 1987; Nozick, 1992). By mobilizing these resources for development, the local residents often become direct stakeholders.

There are a number of ways to access local financial resources. Flora and Flora (1988:2) argue that one of the characteristics of entrepreneurial communities is the willingness to tax themselves to raise local capital for infrastructure and development projects. Another frequently discussed way of mobilizing local capital for development is through Community Loan Funds (CLFs) (Nozick, 1992; Perry and Lewis, 1994; Swack, 1987; Swake and Mason, 1987). A CLF is generally "a not-for-profit corporation ... that accepts loans from individuals or institutions and uses this capital for community development projects" (Swack, 1987:82). As such CLFs are "designed to mobilize capital - especially local capital - and to place this capital in local projects where it can do the greatest good for the community" (Swack, 1987:83). Local fundraising does not necessarily have to be in the form of a Community Loan Fund or taxation, it can just as well be a support to a single project. Often the amount of money raised locally is not the key issue, but rather, the commitment that local residents show to the CED process by contributing not only their time and energy, but also their money.

*Co-operation and partnership* are still another aspect of community support. This means both co-operation between groups within the community as well as co-operation with neighbouring communities. It also means that there should be a partnership between local and senior levels of government. According to Dykeman (1987:8) if community development is to be successful it "requires the commitment of a variety of actors from within the community as well as decision-makers from outside the community." The chance of success is much greater if groups within the community can work together as a team all trying to reach the same goal, instead of each group trying to promote

development without regard to what other groups or organizations are doing. From Bryant's (1989:345; 1997:19) perspective, team building through partnership is one of the greatest challenges that a community has to confront. By team building he means getting the community involved in both long term planning and implementation. This might be in the form of establishing a planning and management process at the community level or at the level of a specific project.

Co-operation between communities can be a key element for success in CED, particularly for smaller communities. Many small communities are just too small to support a concerted development effort as they may lack the personnel and resources to develop CED programs (Bryant, 1989:345; Bryant and Preston, 1987:60). In the CED literature little attention has been given to the significance that the size of a community may have. Reed and Paulsen (1990) have, however, reported on a study done on the capacity for successful development among small towns in Nebraska. They conclude that "while organization, planning, leadership, and resources all matter in economic development, size matters most of all in both effort and outcomes" (Reed and Paulsen, 1990:29). Not only did their findings suggest that very small communities often lack potential leaders, skill and knowledge, and the necessary resources to undertake development, but also that the smallest communities had the least contact with outside agencies and received the least assistance. In fact, Reed and Paulsen (1990:27) found:

a strong association between grants awarded, size of grants, and population size: larger communities often received more grants with a higher dollar volume, further improving their competitive advantage. The smaller communities simply did not compete or were unsuccessful when they did.

Greenwood (1991) also discusses the issue of size when reporting how the weakness of many small communities in Newfoundland to address important matters like development can, to some extent, be attributed to the small population size. Co-operation between communities is seen as a way to address the disadvantages of small size. For example, Bryant (1989:345) suggests that working with adjacent municipalities could help small communities to overcome the problem of limited resources and as such it could increase the chance of a successful CED process. In this sense a regional development approach can be useful (Bryant and Preston, 1987:60). Greenwood (1991) reports how regional government, municipal co-operation and municipal amalgamation have been discussed as possibilities to strengthening local government in Newfoundland. The Regional Development Associations (RDAs) were in fact an attempt to bring communities together and the most recent effort to encourage a regional approach in Newfoundland has been the establishment of the economic zones.

The issue of partnership between local and senior levels of government will be discussed further in a later section in relation to the role played by senior government in the CED process.

The broadest form of team-building can be considered as the building of community identity (Bryant, 1997:20) or what Smith refers to as sense of community in the normative model. Each community has its own personality or identity created by "its physical surroundings, traditions, values, forms of expression, and past experiences" (Stacey and Needham, 1993:23). Sharing a common identity, purpose and culture is something that binds people together and makes them feel part of the community, or as Wismer and Pell

(1981:2) put it “when people share a sense of community, they recognize that they have certain common bonds with other members. The stronger their sense of belonging and the more pride that people take in their membership, the more willing they will be to work together.” Bryant (1997:20) agrees with this as he states that one spin-off from sense of community pride and identity is increased willingness to participate in volunteer efforts. Spilling (1991:43) made similar observations when looking at development initiatives in Melbu, Northern Norway. In that case, one of the key success factors in development was wide public participation (up to 500 volunteers in a community of 2400 residents) which he traced to strong roots in the community.

The development initiatives Spilling discusses are in many ways oriented towards or based on sense of community, such as restoring old houses, establishing a local museum, and promoting local cultural events. Nozick (1992:198-199) suggests a number of other things which can be done to build community pride and identity. These include establishing a community newspaper, encouraging the formation of many kinds of community groups, picking an issue that matters to people to fight a battle together, putting on community festivals or events, and writing a book about the history of the community.

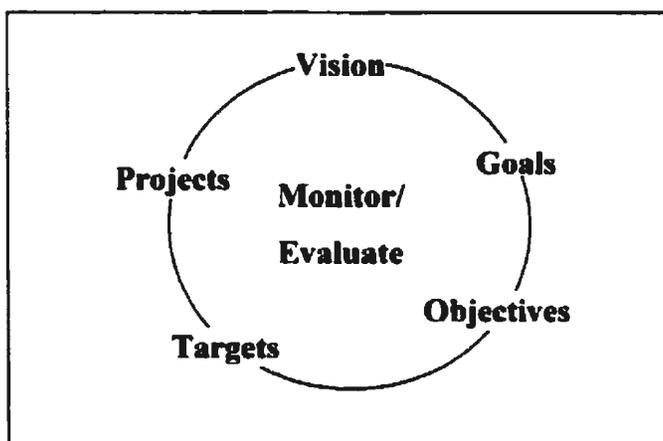
#### *2.3.4.4 Planned process*

CED is a planned process, it is not something that just happens. If a community wants to play the lead role in determining its own future, *long term planning* is critical (Bryant, 1989:345). Strategic planning is gaining increasing attention in relation to CED. If a

sustainable community is the ultimate goal and CED is the process, strategic planning can be seen as the tool to reach that goal (Dykeman, 1990:11). Strategic planning involves a wide variety of participants from the community in defining where the community is now, where it wants to go and how to get there. It involves asking questions such as:

- Where has our community's economy come from?
  - What is the nature of the economy today - its characteristics, strengths and weaknesses?
  - Where will our economy be in the future - in 5, 10, or 25 years?
  - Where do we want our economy to be in the future - in terms of jobs, diversity, vitality, size and other dimensions?
  - How do we get from here to there?
- (Douglas, 1994c:242)

There are different ways of approaching strategic planning. Figure 2.2 shows an approach which is based on five basic phases or tasks, an approach which was developed for use by Community Futures and which was adopted for use with the economic zones in Newfoundland (Task Force, 1995:57).



Source: Douglas, 1994c:249, based on Douglas *et al.* (1992).

**Figure 2.2 Strategic planning and management**

The process starts with development of a vision of “what should be, as against what is in place today and what might become, if nothing is done” (Douglas, 1994c:250). The next step is specifying the goals necessary to make the vision come true and deciding on objectives which signal the achievement of these goals. The objectives are then translated into targets which put the development process to life as they specify what needs to be in place, timelines by which targets are to be achieved, and so on. When this is all in place “specific projects can be identified, designed, managed, monitored and evaluated” (Douglas, 1994c:253).

Most scholars emphasize that CED is future oriented and a *long-term process* where long-term vision/goals are made up of interim and iterative targets and projects in the short term. This was one of the themes Perry and Lewis (1994:192) found in their study of CED initiatives in ten Canadian communities. Also, each of the success stories Young and Charland (1991) identified had in common that the communities had implemented long-term strategic plans. Research by Brodhead *et al.* (1993:263) suggests that it can take up to fifteen years to create positive, sustainable development in an underdeveloped area. This reality can be hard to accept, especially for people in depressed areas who want and need solutions to their problems as quickly as possible. Nor do politicians like to hear that development is a long-term process because they “get elected with arguments for mandates that require that they show results within their term, or pay the price” (Perry and Lewis, 1994:192). However, if the goal of CED is to create sustainable communities, it must be looked at as a long-term process, which will in the end help sustain the

community, rather than as a band-aid solution that hides the problems but does little to heal them.

CED is also a *knowledge-based process*. As previously mentioned, information is one of the cornerstones of the strategic planning approach. Pulling together information on the community, its strengths and weaknesses, as well as the opportunities and threats it is facing is essential for the planning process. Douglas (1994c:259) stresses this point and says “[i]nformation is in many respects *the* strategic resource upon which a community’s development efforts either fail or thrive.” Having the needed information can:

- help the community stay current in an ever-changing world and keep the development initiative on track;
  - enhance the community’s ability to be pro-active, rather than reactive;
  - assist the community to take advantage of high-quality opportunities occasionally available;
  - assist the community to mitigate or alleviate problems
- (Douglas, 1994c:259).

Information on available capital can serve as an example of how the lack of information can constrain development. Capital is often a major requirement for development projects, however, communities often find it hard to gain access to funds and because of that a project can be slowed down or not undertaken at all. Some have argued, however, that the main problem is not lack of capital but rather lack of information on where to find the capital resources needed (Economic Council of Canada, 1990:4). If that is the case, having the necessary information may be the difference between those who succeed and those who fail.

Coffey and Polese (1985:90) argue that access to information is one of the key policy options for local development. Bryant and Preston (1987:60-61) hold the same view and outline basic information functions which are critical for CED initiatives, and which are often performed by economic development officers. The first has to do with understanding the strengths, weaknesses, needs, and aspirations of the community. The importance of this kind of information for planning has already been stated. Added to this, the information is important for investors and for the community itself to make sure that the development taking place is compatible with the goals and objectives set locally. Sharing information and keeping local citizens informed of what is going on with respect to development and what options are available are also important. If residents are well-informed they are more likely to participate, and it can also prevent mis-understandings and misconceptions about the development process. Facilitating access to information is another important function Bryant and Preston (1987:61) identify. That involves packaging information in different ways for different groups and pointing out other data sources and how they can be accessed. The third function has to do with directing business and community leaders to the appropriate professional advisers, and arranging seminars and training sessions.

The advantages of community support for the CED process have already been discussed, however, it is not enough just to have support. CED requires direct participation from local people, a theme Smith refers to as "*participatory*" support in his normative model of CED and which overlaps with public participation discussed under community support.

Luther (1990:37-38) also talks about participatory design which is a process where:

the members of the community actively participate in the design of their town ... Participatory design is a process of empowering members of the community by sharing with them the knowledge and skills that are needed to anticipate change, deal with change and achieve preferred change.

Mitchell (1997:156) also states the advantages of consulting with the public. Involving the people who will be affected by a policy, program or projects may make it easier to:

- define the problems more effectively,
- access information and understanding that falls outside the scientific realm,
- identify alternative solutions that will be socially acceptable,
- create a sense of ownership for the plan or solution, which facilitates implementation.

Although Mitchell discusses public participation primarily in the context of resource and environmental management, the same can also be applied to CED. Other arguments he puts forward for direct public involvement are that there is growing public expectation and demand for greater involvement and that people are less willing to accept that the “experts” always know what is best. Also, people are “increasingly willing to accept responsibilities and risks which accompany relocation of power or authority to them when they become partners with government agencies which have the legal mandates and responsibilities” (Mitchell, 1997:156). Furthermore, the fact that local organizations, and particularly the local government, often have authority to address development issues makes such groups obvious stakeholders.

The degree of public involvement varies based on the nature of the project undertaken and on local knowledge and motivation. This ties back to the issue of local control. The ideal CED approach is where the residents are in full charge of the policy

adopted, set the guidelines and design and govern the program (Luther, 1990:38).

However, such participation and involvement of local people is rare as they often lack the knowledge to do it, and they may lack the motivation or the self-confidence.

*Accountability* is another important facet of the CED process. Douglas (1989:29) stresses this point by saying that “[a]ccountability is paramount as the process is usually characterized by a multiplicity of participants, shared resources, trust and strong social interaction. Feedback, discussion and accountability are therefore important dimensions of the process.” Evaluation of whether or not community development makes a difference is one way to address the issue of accountability. There are many ways to perform evaluation, of which empowerment evaluation is one. Empowerment evaluation employs both quantitative and qualitative methodologies and is designed to “help people help themselves and improve their programs using a form of self-evaluation and reflection” (Fetterman, 1996:5). This is a participatory process which involves four steps:

- taking stock or determining where the program stands,
- focusing on establishing goals,
- developing strategies,
- documenting progress (Fetterman, 1995:18).

Empowerment evaluation with its focus on participation fits well with Pigg’s (1990:21) view when he states that the nature of accountability in CED is that it is fundamentally “public”, meaning that goals and objectives for the CED process involve broad citizen participation and “the production and evaluation of program outcomes are publicly observable.” Evaluation also helps with bottom-up democratic accountability as

it allows reports on performance. Lack of accountability can lead to decline in political and financial support to the project or program which a community is undertaking since “community development practitioners who do not provide reliable evaluation information about their programs make it easy for the decision makers to support other programs where such information is available” (Pigg, 1990:30).

Accountability has been an issue in regional development in Newfoundland. Ever since the late 1960s the RDAs have been key players in regional development with funding from the federal and provincial governments. Each RDA was allocated a fixed sum of money under a five year agreement between the federal and provincial governments. At the end of each agreement an evaluation of the five year period was performed. The problem with this approach was that the goals meant to be achieved were not discussed and decided on by all partners. The clients, in this case the RDAs, seldom knew what the government expected from them and they did not know by what criteria they were being judged in the evaluation (Greenwood, 1997:129). With the establishment of the economic zones, evaluation is meant to become more transparent than before. To improve efficiency and accountability each zone board has to negotiate five year “Performance Contracts” with the Management Committee of the Strategic Regional Diversification Agreement which represents the federal and provincial governments. The contracts will require the government to support the boards which in return have to “fulfil their obligations in the expenditure of funds and execution of their responsibility” (Task Force, 1995:71). The responsibilities of all partners are negotiated and the criteria to be used on the evaluation agreed upon in advance. Information will be collected throughout

the project, all partners are involved in the evaluation and reports giving an update on the projects in the agreement are to be produced regularly (Monitoring and Evaluation Subcommittee, 1997).

The final sub-theme identified under a planned process is *flexibility*. It is essential that the plan the community chooses to follow is as flexible as possible since conditions can change very rapidly. For example, “new agents appear in the community, previous assumptions regarding future events prove inaccurate (negatively or positively), a new government initiative is presented, which raises all sorts of opportunities for the community” (Douglas, 1994c:259). Changing market conditions and new technologies also add to the need for flexible planning. Flexibility is very much related to the issue of information, since by being informed the community knows what is going on and how things are changing. Being flexible gives the community the opportunity to respond to changing circumstances. Or as Douglas (1994c:259) puts it “[t]he information generated should be used for the on-going reassessments of goals and objectives, which a dynamic community development plan requires.”

#### 2.3.4.5 *Holistic approach*

CED is an *inclusive* and *integrated* approach to development as was clearly emphasized in the definitions discussed earlier. CED is inclusive because it is not only about creating jobs or increasing the flow of capital into a community, but is also concerned with environmental, social and cultural issues (Wismer and Pell, 1981:3). However, it goes

beyond merely including these issues as CED requires that the relationships between them be defined. Therefore, if there is to be success, those who believe in CED argue that the integration of economic, social, cultural and environmental aspects is essential (Douglas 1994a:26; Perry and Lewis, 1994:12). The traditional top-down approach concentrated almost solely on the economic dimension. Socially motivated initiatives were often considered to be a cost or hindrance to economic development. Today, however, within the CED approach, socially motivated initiatives are generally being viewed as “investments and schemes that generate new products and services, new businesses and jobs, as well as having beneficial social effects” (OECD, 1993:18). Wismer and Pell (1981:3) further stress the importance of integrated development by pointing out that just as social problems are often related to economic problems, the solutions to these problems are inseparable. The Royal Commission on Employment and Unemployment in Newfoundland held similar views, arguing that to address the unemployment problem in the province there was a need for “an integrated strategy of economic and social change designed to enhance employment” (Royal Commission, 1986:21). To many, CED is seen as an approach towards community betterment and the only way to improve the community as a whole is by adopting an holistic approach (Douglas, 1989:29; Dykeman, 1987:2).

Even though CED focuses on social, cultural and environmental factors, *economics* are the centre of the development (Task Force, 1995:14; Wismer and Pell, 1981:6). However, it should be noted that CED does not put the main emphasis on economic *growth* as was the case with the top-down approach, but rather on *development*. These

concepts are often confused and used interchangeably. Douglas (1989:29) tries to distinguish between the two by defining *economic development* as either:

- a) a positive structural shift in the community's economy (e.g., a significant diversification of the base) and/or;
- b) the putting in place of significant new capacity for positive change (e.g., new investment resources, expanded labour force training).

*Economic growth*, on the other hand:

could occur with the expansion of a locally based manufacturing branch plant, without any real development of the community's economy.

The difference between growth and development can be seen as a question of quantitative or qualitative changes and, as Douglas points it, one can happen without the other.

Malecki (1991:23) also holds that view as he states:

Growth - increases in population, within a specific area, or increases in quantity or the value of the goods and services produced in a local economy - does not necessarily lead to qualitative improvements in life ... Economic development refers to increases in the quality of life associated with changes, and not necessarily increases, in the size and composition of the population, the quantity and nature of local jobs, and the quantity and prices of goods and services produced locally (Malecki, 1991:23, based on Conroy, 1975).

The notion of an holistic approach also emphasizes the importance of *economic diversity*. Being dependent on a single industry or resource has been the root of the problems that many Canadian communities have had to face. There are many examples of "single industry towns" which have basically been left with nothing when the industry shut down or moved out. To move away from the vulnerability that follows from being a single industry town or a company town, communities have to look at ways to diversify their economic base and to put their eggs into more than one basket. Nozick (1993:27)

suggests that to foster economic diversity “communities can offer a range of technical and financial supports to small-scale owner-operated or cooperative businesses and encourage initiatives in the informal economy of home and community.” How communities choose to address the issue of economic diversity may vary; however, it is clearly a point that needs to be considered if communities are to become more self-reliant and take control of their future.

#### *2.3.4.6 The role of government*

The normative model of successful CED covers most of the characteristics of CED as discussed in the literature. However, it does not directly address the role of senior levels of government in local development, an issue that deserves attention. Although CED is focused on the community level, local control, local resources and local leadership, this does not exclude senior levels of government from taking a part in the development process. In fact, the federal government has a responsibility for addressing regional disparities and the provinces are responsible for municipal affairs (Economic Council of Canada, 1990:17). What has changed from the traditional development approach is *how* these senior levels of government address regional problems. Government now has the role of an “enabler” instead of being the “provider” as was the case previously (Table 2.2), and CED is seen as a partnership between the community and higher levels of government where governments “become more ‘responsive’ to community leadership and initiatives, and less ‘imposing’” (Dykeman, 1990:13).

**Table 2.2 Two approaches to managing change**

<b>Traditional “Top-Down”</b>	<b>Community Based “Bottom-Up”</b>
<b>Government Acts as Provider</b>	<b>Government Acts as Enabler</b>
Government departments view communities as clients.	Government departments respect communities as neighbour-to-neighbour chains of knowledge, expertise and resources.
Only government experts can provide real help.	Self help. Communities are expected to do it for themselves.
Public servants aim to build bigger and better community services.	Public servants aim to relinquish control of services to communities whenever feasible.
Government protects by regulations and controls by policy.	Government solves by local projects.
Citizen participation in government policy making.	Government participation in local citizen initiatives.
Public servant is regulator, service provider and expert.	Public servant is facilitator, coach and supporter.

Source: Bruce, 1997:43.

As Table 2.2 indicates, the role of the government is significantly different within the CED approach and this is a point to which authors have been paying greater attention. Swack (1992:11-15) has, for example, identified three ways in which government can promote CED strategies and policies. The first way is to help provide training and technical assistance to CED projects and ventures. However, it must be stressed that consultants and technical assistants should work with a community but not tell it what to do. The second way is that government can provide financing and other financial incentives to CED. This can take the form of direct financing through grants, loans and equity investments, but it can also be in the form of developing tax policies that promote CED goals. Finally, Swack sees the government as important in helping establish linkages between and among various organizations, businesses and people involved in

CED. Government can help by trying to create backward and forward linkages between ventures and projects, but it can also help to link the many projects, agencies and community organizations which are working on CED related issues.

The government has the management and regulatory powers as well as the financial resources needed. The action or regulations set by senior levels of government can create a favourable environment for CED, however, it can also limit the actions of individual communities (Bryant, 1989:341. Dykeman, 1990:13). Bryant (1989:338) stresses the need to look at the bigger picture when he says “[e]conomic activities all function to greater or lesser degree within a broader social, economic and political system or macro-environment system in which certain forces lie beyond the control of the individual firm or business [or community].” Economic development is carried out at different levels, and there will always be macro-scale frameworks of regional economic development that CED will have to be part of to some degree. It is generally agreed that CED is not a substitute for traditional development or government involvement but rather it should be seen as complementary to senior government intervention (Brodhead *et al.*, 1993:262; Bryant, 1989:334; Bryant and Preston, 1987:52; Economic Council of Canada, 1990:ix).

CED is not about leaving governments without any responsibility for local development, but rather, it is about all stakeholders working together to promote the local area in question, the leadership and the control coming from the community, with both financial and technical support from senior levels of government. This kind of partnership is the foundation for the New Regional Economic Development in

Newfoundland where performance contracts are the basis of government - community partnership (Greenwood, 1997:132).

### **2.3.5 CED is not a panacea for every community**

We live in a fast changing world where the economy is constantly becoming more globalized, and innovation, specialization and flexibility are important factors in determining whether communities or regions will be competitive. For many small communities this is a hard reality and they often need to adopt a coping strategy if they are to survive. CED is an approach that can be used by communities to cope with today's realities.

However, there is a need to address the question of whether every community which adopts a CED approach will be successful? While the foregoing sections have discussed the principles thought necessary for community development success, the very notion of what is meant by "success" needs clearer definition.

As pointed out earlier, CED is more development-oriented than the traditional approach, which was very much focused on economic growth. This is a fundamental difference when it comes to the issue of success. Traditionally, success has meant economic growth, more jobs and increased population. If that is the measurement "then many communities are failing" (Bryant, 1997:4). Instead it can be argued that success must be defined in relation to the goals and objectives set by the community which may mean achieving more "realistic results, slowing decline, replacing some of the lost

activities with something more resilient” (Bryant, 1997:4). If these are the definitions of success then many communities can be considered successful.

However successful a CED approach can be, it is generally recognized that it is impossible to save all communities; some will inevitably die (Brodhead *et al.*, 1993:260; Economic Council of Canada, 1990:18). Development is about managing change and whether or not communities will succeed in that greatly depends on their capacity to address development (Bruce, 1997:49). In order to enhance their capacity to undertake a CED approach, communities need support from the government. The Economic Council of Canada (1990:16-17) has suggested two criteria for government when choosing which communities to support: need and potential. These criteria are meant to exclude those communities which are flourishing and to exclude those which have no hope for improvement, with or without assistance. In a paper from the Canadian Institute for Research on Regional Development (CIRRD) this same view is expressed and it is argued that because of fiscal constraints, increasingly the federal government will have to pick some communities for special assistance and let others fend for themselves. It is further suggested that the federal government focus on *investing* rather than *spending*, meaning that “[y]ou invest in communities having economic potential and an administrative capacity to plan and deliver measures to promote economic development” (Savoie, 1995:288).

In 1995 Savoie conducted a study of twelve communities in the Atlantic Provinces to see how they had been affected by the collapse in the groundfishery, and how and

whether they had been able to adjust to these new circumstances. Among the findings was that:

communities dominated by a very large [fish] plant appear to find it more difficult to adjust. They seem at 'a loss', having relied on the 'big company' to provide not only employment but also economic leadership. Communities with smaller plants appear to cope better by, for example, being more aggressive in pursuing alternate species to process (Savoie, 1995:275).

In the study it was also discovered that "communities which have one dominant culture or religion have a greater capacity to come together and plan a community solution to their crisis" (p. 276). Furthermore, communities which had some co-op background were better able and more likely to deal with the crises they were facing.

Those findings should not be surprising given what has already been said about the key elements of CED. Even though CED should not be seen as a panacea for all communities, it is important to note that communities can undertake CED without possessing all of the key elements discussed in the previous section. Communities can get outside help to develop those elements that are missing as long as there is some potential. However, the decision to move towards community betterment will essentially have to come from the local people.

People who live in the small and more remote communities that are stagnating face three options - chronic dependency, migration, or development. Those which display the self-confidence and commitment to direct their own development merit public support (Economic Council of Canada, 1990:18).

## 2.4 Summary

This chapter has provided an overview of both top-down and bottom-up approaches to community development. Over the past 60 years the world has changed significantly, which has had great impact on how development has been approached. After the Second World War the economy of many nations was in ruin and the primary task was to restore them. Also, many former colonies were gaining independence and for them to function in the global market there was a need to restructure their economy. As a consequence, economic development at this time was very much focused on the national rather than the local level, and governments were looking for "generic" solutions which could be applied to almost every situation. The programs and policies developed in the first few decades after World War II were characterized by smokestack chasing where grants and tax incentives were offered to businesses willing to set up in depressed areas, and growth was assumed to trickle down from a few selected growth centres. Also, development was centralized as initiatives usually came from the national government. In the late 1970s, and especially in the 1980s and 1990s, questions were raised as to whether the traditional approach was working as well as had been expected; the economic gap between areas still existed and in some cases it had even widened. It was argued that a new approach was needed, an approach which was more sensitive to the unique circumstances in each area, an approach which valued *development* instead of focusing only on economic growth, and which moved the decision-making authority and control over the process to the local level.

CED has been seen by many as a more appropriate way for communities to address development. Smith's (1997) notion of successful CED as presented here is seen to be based on five main principles: entrepreneurial spirit, local control, community support, a planned process and holism. Entrepreneurial spirit involves becoming more self-reliant, being creative and innovative and willing to take risks. But it also means that the community must have positive attitudes, the residents have to believe in the future and in the development process. One way in becoming more self-reliant is to utilize local resources. Gaining local control over local resources as well as over the development process is a fundamental issue for successful CED. A key element of CED is that decisions are made locally and the initiative and the leadership come from local people rather than from higher levels of government.

It is not enough, however, to have control over the process if the support from the community is missing. Having community support, which includes public participation, local fundraising, volunteerism, co-operation and partnership, and sense of community, can make a big difference in the success of CED. CED also requires planning, as it is a long-term process which is based on knowledge about the community and the sharing of that and other information. The involvement of the general public should go beyond just showing support as CED is a participatory process where the public should be involved in decisions on the direction the community is taking. At the same time, plans have to be flexible, since we are living in a fast-changing world, and those responsible for the development have to be accountable.

Finally, CED should involve an holistic approach to development; social, cultural, environmental and economic issues need to be thought of as a set. CED is not only about growth, it is about development, about improving the quality of life.

Even though the “local” role is strongly emphasized in CED, it does not exclude senior levels of government. Though not explicit in Smith’s model, it is widely recognized that CED is a partnership between local groups and higher levels of government, and to be successful there is a need to work together. However, it is also a fact that not all communities that adopt a CED approach will be successful. It has been argued that there has to be certain potential in a community so it can successfully adopt a CED approach. What exactly that potential is may be hard to define, but the starting point is certainly the will of the community to take matters into its own hands and become more responsible for its future development.

As introduced in Chapter 1 the main objective of this thesis is to look at and compare attitudes towards CED in two regions in Newfoundland. The purpose of the next chapter is to set the context by examining the economic histories of the Isthmus of Avalon and the Bonavista Headland and to highlight the main characteristics of each region. Although the main focus is on the last 35 years, a brief look is also taken at their earlier histories.

# **Chapter 3**

## **Study areas**

### **3.1 Introduction**

Much has been written about the history of Newfoundland; in most cases, however, the material is concerned with Newfoundland in general rather than specific communities or areas. This became apparent when compiling information about the histories and economic activities for the areas under consideration in this study. Field observations and the few reports which have been written about various issues in the areas provided important, but fragmentary information. Therefore, the remainder of this chapter relies much on general references. Newspaper articles, particularly from the Evening Telegram and the Packet, proved to be useful sources of information regarding economic activities in the regions. With respect to the earlier histories of the areas the Encyclopedia of Newfoundland and Labrador, along with newspaper material, provided useful information.

The areas under consideration are the Bonavista Headland and the Isthmus of Avalon. The Bonavista Peninsula, which lies between Trinity and Bonavista Bays, extends approximately 100 km north east from the east side of the Island of Newfoundland. The communities on the Bonavista Headland are typical of Newfoundland's outports where the fishery has been the main economic activity. The largest community is the Town of Bonavista, located just south from Cape Bonavista, the

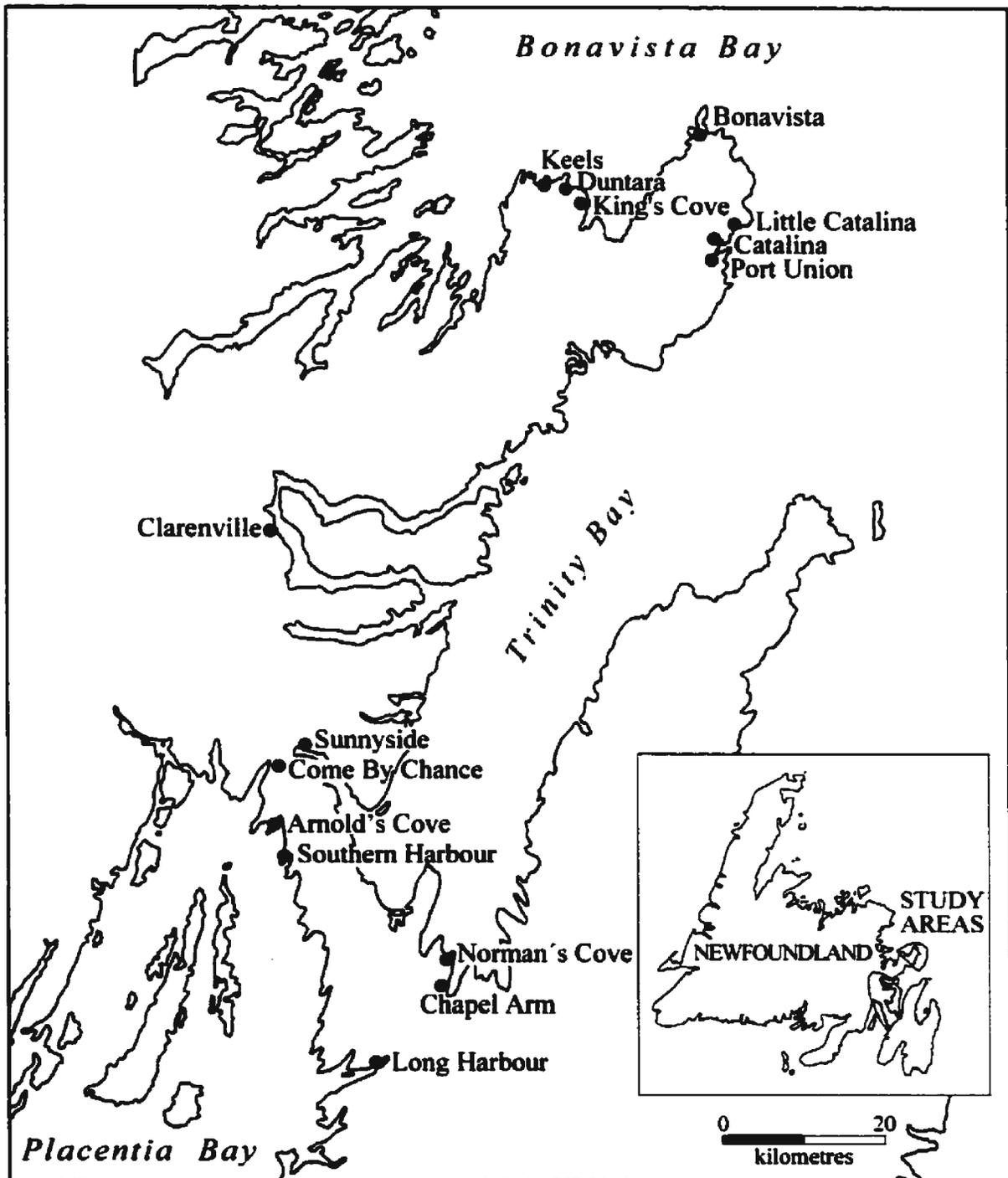
tip of the Peninsula. Bonavista, with a population of about 4,600 people, acts as a service centre for nearby communities. The main service centre for the area, however, is Clarenville at the base of the Peninsula. The focus here is on the seven communities on the Bonavista Headland included in Smith's (1997) research. These communities are: Bonavista, Catalina, Little Catalina and Port Union in Trinity Bay; and Duntara, Keels and King's Cove in Bonavista Bay (see Figure 3.1).

The other study area is the Isthmus of Avalon. With Trinity Bay to the east and Placentia Bay to the west, the Isthmus connects the Avalon Peninsula with the remainder of the Island of Newfoundland. This relatively barren strip of land is approximately 50 km long with its narrowest point only 4.8 km. Since the 1960s, the Isthmus has been an attractive location for large-scale industrial activities, mainly because of its deep ice free harbours and proximity to St. John's. A series of projects has taken place on the Isthmus including the construction and operation of a phosphorus reduction plant and an oil refinery, construction of an oil platform, and construction of an oil transshipment terminal. Apart from these "mega" projects, the fishing industry has provided important employment opportunities both in harvesting and processing.

Eight communities on the Isthmus have been selected to represent the area. These are; Clarenville, Come By Chance, Arnold's Cove, Sunnyside, Southern Harbour, Norman's Cove – Long Cove, Chapel Arm and Long Harbour<sup>2</sup> (see Figure 3.1).

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<sup>2</sup> Although the census unit is Long Harbour – Mnt. Arlington Heights the community is often referred to as Long Harbour and that will be done in this thesis.



**Figure 3.1 Bonavista Headland and Isthmus of Avalon study communities**

All, with the exception of Arnold's Cove and Norman's Cove - Long Cove, have fewer than one thousand residents. These communities are all within census sub-division A1 and as such the Isthmus is a data region. From the perspective of physical geography the communities have many things in common, but, as will be explained later in the thesis, the Isthmus is not one economic region.

Clarenville, which is the regional service centre and the largest community in the region with about 5,000 residents, is also included as a part of the Isthmus. Even though the town is not geographically on the Isthmus, there is much interaction between Clarenville and the Isthmus, particularly the northern part of the Isthmus. Besides Clarenville providing services for nearby communities, economic activities on the Isthmus have had great impact on the town. It should be recognized, however, that the inclusion of Clarenville is problematic. As Figure 3.1 indicates, the town is mid-way between the Bonavista Headland and the Isthmus and indeed it services both areas. Therefore, one might argue that Clarenville could just as well belong to the Bonavista Headland study area as to the Isthmus study area. Clarenville was not, however, included in Smith's (1997) study on the Headland. As the town is important for development in the area, leaving it out altogether would be inappropriate and therefore it is considered together with the Isthmus in this study.

The remainder of this chapter is divided into four main sections each, focusing on a different time period. Although the discussion is focused on the study area, an attempt is made to connect the history of those areas to what was going on in Newfoundland in each time period. The first period sets the historical context and extends from the mid-1800s

to 1949, during which Newfoundland was taking the first steps towards becoming a “modern” society (section 3.2). Confederation with Canada in 1949 marked a new era for Newfoundland and the first decades thereafter set the tone for the future. During that time the Newfoundland government put much effort into moving away from the traditional fishery with the goal to “modernize” the Province quickly (section 3.3). The third period extends from the mid-1960s to 1992 (section 3.4). This was the time when full impacts from the resettlement programs of the 1960s and 1970s were experienced and the time when large industrial projects became development priorities. This period also saw the expansion of and then the collapse of the fishery. The last period is from 1992, when the cod moratorium came into effect, to the present (section 3.5). This has been a time of crisis for many Newfoundland outports which were hit hard by the moratorium, but for the Isthmus this has also been a time of further development of large-scale industrial projects. Furthermore, the approach to economic development in the Province has been changing during this period with increased emphasis put on community economic development.

As the prime focus of this chapter is on the post-confederation period, and particularly the last three decades, the sections are not given equal weight. The first two periods are meant to set the context for the discussion about more recent years. The main characteristics of these periods are highlighted; however, the discussion does not provide as much detailed information on economic activities and social characteristics as is the case for the third and fourth periods.

### **3.2 Pre-Confederation**

The importance of the cod fishery for Newfoundland cannot be overstated. Exploitation of cod stocks was the main reason why the Island was originally settled by Europeans in the early 1600s, and it remained the prime economic activity until the twentieth century. As such the fishery has been the most influential factor in shaping Newfoundland's history and early economy.

The traditional inshore fishery in Newfoundland was a household activity where the men fished and the women and the children took care of the processing, which included drying and salting of the catch. The fishery was a seasonal activity extending over three or four months during the summer. The economy was characterized by a form of barter as in the fall the catch was collected by the local merchant, who provided the fishermen with food and fishing supplies. To supplement the fishery people pursued many additional activities such as sealing, gardening and hunting (Felt and Locke, 1995:205; Royal Commission, 1986:44).

With the rise of alternative employment opportunities to supplement the fishery in the second half of the nineteenth century, the traditional subsistence economy gradually moved towards a cash economy. Lumbering played an important role and in the period 1890-1920 logging became a "major source of supplementary income for fishermen, who worked as loggers in the winter and spring" (Matthews, 1993:25). Likewise, the construction of the Newfoundland railway, which started in the 1870s, provided additional income for fishermen as labour was needed to cut ties as well as for the

construction work. This pattern of lumbering and railway labour supplementing the traditional fishery kept on well into the twentieth century, with road construction also becoming an important source of employment from the 1920s (Cuff, 1993:97; Stockwood, 1981:404).

World War II had great impacts on Newfoundland's economy, particularly the construction of four large U.S. air and naval bases. Suddenly a great deal of alternative paid employment became available and this was one step further in transforming the Newfoundland economy to a cash economy. The local men hired for construction were both provided with training and "previously unheard-of" salaries (Matthews, 1993:26).

Not only was the economy slowly changing, but the geography of Newfoundland was also changing. When the Island was first settled, good access to fishing grounds by small boats was essential. Therefore much of the earliest settlement was concentrated towards headlands which were seen as excellent locations with respect to the fishing grounds. As the population increased, settlement gradually expanded towards the bottoms of the bays although headland locations continued to be important, not only because of access to the fishing grounds, but also because transportation was sea-oriented and headlands provided easy access to nearby bays. However, with the rise of other activities besides the fishery, good access to fishing grounds was no longer the only prerequisite for settlements to flourish. Likewise the construction of the Newfoundland railway contributed to the changing geography of the Island. Besides creating new employment opportunities, the railway marked the beginning of the transformation of transportation patterns from water to land-oriented (Copes and Steed, 1975:97). With land-oriented

transportation, those communities connected by the railway had more potential to grow than those that remained dependent on sea transportation. Furthermore, the railway increased the importance of those communities which were designated as service terminals and in some cases laid the foundation for their role as regional service centres. The early part of the twentieth century was also the beginning of road construction, which further shifted the focus from the bays to the peninsulas.

The history of the Bonavista Peninsula is closely tied to the discovery of Newfoundland 500 years ago, as the story has it that Cape Bonavista was the first land sighted by John Cabot when he came to the New World. The communities on the Bonavista Headland are among the earliest permanent settlements in Newfoundland, dating back to the 1600s, and were solely based on easy access to good fishing grounds. The population gradually expanded over time and the nineteenth century was a boom time as a result of the Labrador seal hunt and the cod fishery. As an example of the prosperity of the communities, King's Cove and Keels each had populations of over 500 people in 1869 compared to between 100 and 200 residents in each community today (*Abstract census, 1870*).

The decline of the Labrador fishery late in the nineteenth century marked the end of the prosperity of the communities on the Bonavista Bay side of the Headland and their populations started to decline. Even King's Cove, which had been an administrative and religious centre for the surrounding communities, as well as a site for merchants and tradesmen, became just like most other outports -- heavily dependent on the inshore fishery (Cuff, 1991b:178). The decision to let the Bonavista branch of the railway pass

through Catalina rather than King's Cove further decreased the importance of the communities on the Bonavista Bay side of the Headland (Cuff, 1991a:160; 1991b:179).

Having the railway passing through made a difference for the communities on the Trinity Bay side of the Bonavista Headland. However, what was probably more important for the future development of these communities was that they became locations for fish plants. A salt fish plant was established in Port Union in the late 1910s and the first frozen fish processing plant in the area, Bonavista Cold Storage, was established in Bonavista in 1939. The changes in the fishery will be further discussed in the next section.

The origin of Port Union is quite different from the other communities on the Bonavista Headland. Until the second decade of the twentieth century it was an unoccupied area in the south west arm of Catalina harbour. In 1915, William F. Coaker bought the land to make it the site of the headquarters of the Fishermen's Protective Union and Fishermen's Union Trading Company:

In less than two years a huge salt fish plant (with cooperage and freight elevators), a four-storey retail shop and office building, seal-processing factory, two forges, a hydroelectric generation station, hotel and numerous duplex rental residences had been constructed, forming the nucleus of a planned community (Troaker, 1998:17).

The first and only union town in the Dominion of Newfoundland had been built.

Permanent settlement on the Isthmus started much later than on the Bonavista Headland and is only traced back to the first half of the nineteenth century. As on the Bonavista Headland the inshore cod fishery was the base for the early economy. Lobster was also an important species and in the early 1900s there were 15 small lobster factories

in Arnold's Cove (Horan, 1981:76). Local sawmills also created a number of jobs in, for example, Chapel Arm and Sunnyside, with lumbering and railway construction work further supplementing the traditional fishery. In the 1930s a cottage hospital for communities in the Trinity-Placentia area was established in Come By Chance and that opened up new opportunities in the service sector (Pitt, 1981:486). Furthermore, one of the U.S. bases constructed in the early 1940s was located in Argentina, a few miles south of Long Harbour. That project added significantly to the employment opportunities available, particularly for residents of the southern part of the Isthmus (Krachun, 1991:366).

Clarenville developed rather differently from the other communities on the Isthmus since the fishery was never a major industry there. The community was first settled because of the ready availability of lumber. The first sawmill was established in the 1840s and the lumbering industry flourished in Clarenville all through the nineteenth century, with sawing of railway ties a significant activity in the later part of the century. The railway also helped to lay the foundation for Clarenville's role as a service centre when the town was designated one of the five major terminals between St. John's and Port aux Basques. Besides the service sector, manufacturing also added to the town's economy. Shipbuilding on a small scale was one of the earlier industrial activities in Clarenville, and with the establishment of a shipbuilding yard by the Commission of Government in 1942, large scale contracts could be undertaken and the industry grew further (Coish, 1987:38-39; Riggs, 1981:447-449).

The period up to the middle of the twentieth century saw the beginning of changes in Newfoundland which have been going on ever since. The economic focus started to shift from the heads to the bottoms of the bays as new means of transportation were introduced. Communities which before had been key locations because of their good access to fishing grounds were declining as new service centres connected by the railway and roads were growing. In terms of employment things were also changing. World War II provided opportunities for well-paid employment and many people left the fishery for other opportunities. The fishery was also starting to change. The first fish plants were introduced in this period and the industry was gradually moving away from being a household activity to one of paid “factory” employment. The greatest changes for Newfoundland society, however, took place after Confederation with Canada in 1949.

### **3.3 Confederation to the mid-1960s**

At the time of Confederation in 1949, Newfoundland, with its dispersed settlement pattern, high dependency on the inshore fishery, low per capita income, low level of education and a fast growing population, remained economically far behind the more industrialized provinces of Canada (Matthews, 1983). Joseph R. Smallwood, Newfoundland’s first premier, was eager to narrow the gap between the Province and the rest of Canada and made development his priority:

We must develop or perish. We must develop or our people will go in the thousands to other parts of Canada. We must create new jobs, or our young men especially will go off to other places to get the jobs they can’t get here. Develop, develop, develop -- that’s been my slogan and that will remain my slogan (Letto, 1995:7, quoting speech by Joseph R. Smallwood, October 12, 1952).

Centralization, industrialization and modernization were the main themes in Smallwood's development strategy and attracting outside developers to the Province became one of the key factors in the development process. However, to make the Province more attractive, improved education and developments in transportation were necessary:

Without improved transportation and communications it would be virtually impossible to attract outside industrialists. If they did come, they would not likely employ local labour unless local residents had the education and skills which they required (Matthews, 1983:179).

In order to upgrade the education system, Smallwood made an effort to improve educational facilities. Regional and vocational schools were built and he "transformed Newfoundland's junior college into one of the largest universities in Canada" (Matthews, 1983:178). Much effort was also put into improving transportation in the first decades after Confederation. Until the 1960s there was no trans-island highway and there were only a few paved roads in the Province. Newfoundlanders depended mainly on transportation by sea or by the railway. In the early 1960s, however, construction of the Trans-Canada Highway (TCH) started and by 1965 it was possible to drive across the Island on a paved highway. Furthermore, to connect remote communities to the TCH, over 5,000 miles of secondary roads were built (Matthews, 1983:178). However, the improved transportation system did not benefit all communities as:

the smaller traditional centres have suffered from the competition of the larger centres with their greater variety of stores and more modern retailing methods. It is ironical that the roads that were built to destroy the isolation of outports, in fact tended to destroy the outports themselves. For roads into communities became roads out (Copes and Steed, 1975:97).

Besides improved education and infrastructure which involved, for example, access to electricity and roads, the main emphasis in economic development after Confederation was on manufacturing industry. With assistance from the provincial government, a number of small manufacturing plants were established to produce goods, such as cement, rubber, and chocolate, for the local market. However, many of these industries failed as small markets and high production costs proved to be too much for them (Bassler, 1986; Overton, 1978:111; 1990:48).

In the late 1950s the emphasis shifted towards large-scale resource development. As with the development of small manufacturing before, subsidies and tax concessions were used to attract outside investment to develop and exploit the Province's primary resources. Among the projects undertaken were power developments at Churchill Falls, Bay d'Espoir and Holyrood, the creation of iron ore mines in Wabush and Labrador City, and the establishment of a shipyard in Marystown and a linerboard mill at Stephenville. These "mega" projects were expected to create many jobs, as well as act as "growth poles" to attract other related industries to the Province. However, the long-term effects were much less than had been hoped for. Certainly, the projects created a number of jobs, but these were mainly temporary employment in construction. Furthermore, in most cases, the projects failed to establish linkages to other industries or create spin-off benefits (Royal Commission, 1986:46).

With the focus on manufacturing and large-scale industrialization, the fishery was much neglected by the Newfoundland government in the first few decades after Confederation. The traditional fishery was seen as a way of the past and the employer of

last resort. As a consequence, the number of fishermen and the value of fish products declined in the 1950s and 1960s. Increased catches by foreign fleets in the offshore area surrounding the Island added further to the decline in landings by Newfoundlanders (Felt and Locke, 1995:208-209). In spite of this, the inshore fishery remained the basic economic activity in many outports. It was, however, not the same as the fishery of the past since there had been significant changes in the second half of the twentieth century in technological development of harvesting and processing of fish (Matthews, 1993:30).

The introduction of longliners made it possible to fish further out from the shore. The trawler fishery had existed on a small scale on the south coast of Newfoundland since the late 1930s but it was not widespread in other parts of the Island because of weather and ice conditions. With the emergence of ice-reinforcing technologies and better navigational equipment in the early 1950s, larger boats were able to fish in all but the most inclement winter weather (Felt and Locke, 1995:212).

In terms of processing, there was a major change from domestic salting of fish to frozen processing at plants (Felt and Locke, 1995:214; Matthews, 1993:34). These changes transformed the fishery to a cash economy where the fishermen no longer had to depend on credit from the local merchant but could sell their catch to a fish plant. Processing was therefore no longer part of household activities but paid work at the plant.

In spite of an increasing fleet of trawlers, the trawler fishery did not replace the seasonal small boat inshore fishery as the main activity for most outport communities. However, the nature of income for fishery workers changed significantly in the early post-confederation period with the introduction of Fishermen's Unemployment Insurance (UI)

in 1957. Instead of supplementing the fishery with other formal or informal activities, fishery workers could now collect UI during the winter months. With the breakdown of the barter economy of the past fishery workers were no longer dependent on the merchants, but instead they became heavily dependent on government transfer payments.

With respect to the study areas, the transition of the fishery from household to industrial activity had significant impacts on the Bonavista Headland which had remained heavily dependent on the fishery. As mentioned above, the Fishermen's Union Trading Company Limited had established a salt fish plant in Port Union in 1918, and the first freezing fish plant in the area was established in Bonavista in 1937. However, the main impacts came after Confederation and in the decade between 1950 and 1960:

New salt fish plants were built, new fish driers were installed, new fresh fish processing plants went into operation, and several harbour improvement projects were completed to provide better facilities for fish processors and fishermen of the area (Mouland, 1960:15).

Nineteen fifty-seven was of particular importance. That was the year when the new salt fish plant and drier of Mifflin Fisheries Limited at Catalina went into production and the year when Fishery Products Limited opened its fresh frozen fish plant in Catalina (Mouland, 1960:15).

While changes in the fishery undoubtedly affected the Isthmus, the impacts may have been less than on the Bonavista Headland as construction work had gradually been replacing the fishery as the single most important source of employment. With the TCH running through the Isthmus, new opportunities were emerging in the area. Although no major development projects had taken place on the Isthmus in the first decade after

Confederation, the area was given much attention as a potential location for the large-scale industry on which the government was focusing at the time. Smallwood was particularly interested in Come By Chance. A series of announcements were made in the late 1950s and in the 1960s regarding potential projects for Come By Chance, including a pulp and paper mill, an anhydrous ammonia plant, and an oil refinery (“Industries go to Come By Chance”, 1966:9; Pitt, 1981:486). Although nothing ever became of the ammonia plant and the paper mill never did reach the operations stage, a new era of large scale-industrial activities was about to begin on the Isthmus.

### **3.4 Mid-1960s to 1992**

#### **3.4.1 Industrial activities**

The first “mega” project on the Isthmus was the construction and operation of a phosphorus reduction plant at Long Harbour, developed by the Electric Reduction Company of Canada (ERCO) in 1966. ERCO was a subsidiary of Albright & Wilson Ltd., a United Kingdom-based multi-national corporation, which manufactured and marketed chemicals and allied products internationally. In the 1960s, when Albright & Wilson Ltd. was looking for a site to develop a modern world-scale phosphorus plant, the Newfoundland government offered the company cheap power as well as a number of other subsidies to construct a plant on the Island. This offer, along with the possibility of sea transport direct to export markets, made Newfoundland more attractive than the other

places the company was considering, and a site was chosen at Long Harbour, Placentia Bay (Kennedy, 1981:749-752; Legge, 1983:47).

Construction began in August 1966 and production started in December 1968 (Legge, 1983). The plant operated for 21 years, until 1989, when it was closed down because “technological changes in the methods of manufacturing phosphoric acid and phosphorus chemicals has made phosphorus manufacture obsolete” (Doyle, 1989:1). Over the period of operation the number of employees varied, with the maximum of almost 500 workers occurring in the early 1970s (Legge, 1983). At the time of closure the work force was about 290 people.

From the beginning, pollution was a big problem for the plant. In 1969, dead fish killed by phosphorus in the effluent from the plant began to wash ashore in the neighbourhood of the plant. This led to the closure of a large part of the fishing grounds in Placentia Bay for several weeks. Another problem the plant faced in its early days was air pollution caused by heavy concentrations of fluoride in the plant’s air emissions, which destroyed vegetation in the area. In the early 1980s residents in Long Harbour complained that emissions from the plant were causing growth of lichens on homes leading to damage (Legge 1983:123-125). Furthermore, in 1992 some concerns were expressed relating to high rates of brain cancer in the Long Harbour area with the suggestion that they might be caused by pollution from the plant. However, research conducted by the Health Research Unit of Memorial University Faculty of Medicine concluded that “the brain cancers that were discovered were not linked to any particular problem” (Jackson, 1992:1).

Despite environmental problems, a 1983 study showed that the residents in Long Harbour were generally in favor of the plant. Not only did it create much-needed jobs and paid up to 40 per cent of all local and business taxes collected in the community, but it also supported local activities through a Community Fund established in 1979 (Legge, 1983:83-84).

Soon after construction of the phosphorus plant started in Long Harbour, the Newfoundland Government and John Shaheen, a New York oilman, signed an agreement to build and operate an oil refinery at Come By Chance. Construction began in early 1971 and by April 1972, well over one thousand workers were employed on site (Felt and Carter, 1980:17). Even though construction was not totally completed, the plant was opened in October 1973 with a big ceremony. However, the grand style opening, with the luxury liner Queen Elizabeth II carrying 1,000 guests to Come By Chance did not bring the refinery much luck. Only 28 months later, in March 1976, the almost 500 employees were laid off and the plant declared bankrupt (Warren, 1987:4). After being mothballed for over a decade the refinery was finally sold for \$1. Repair work started in January 1987 and in late August that same year the first crude oil arrived from West Africa (Finn, 1987:3; Warren, 1987:4). The refinery has been operating ever since. It is now owned and operated by North Atlantic Refining Ltd. and provides approximately 500 jobs.

Just as with the phosphorus plant in Long Harbour, the oil refinery has had to deal with pollution problems. Complaints have been made about the smell from the operation and health problems such as headaches, irritated eyes and nausea have been reported in the Come By Chance area (Stacey, 1993:8). The heavy sulphur dioxide emission into the

air made the refinery one of the worst polluting refineries in the country. However, in recent years measures have been taken to reduce the pollution and figures for the year ending August 1998 show that annual sulphur dioxide emission has decreased significantly from previous years (Flanagan, 1998a:3).

### **3.4.2 The Fishery**

In spite of many attempts to promote industrial activities in Newfoundland, it became clear in the late 1960s and in the 1970s that industrialization on a large scale would not provide all the employment and benefits hoped for. Alternative sources of employment had to be created and at “both federal and provincial levels, the fishery began to be reconsidered as a potential source of economic growth” (Felt and Locke, 1995:211). Canada’s declaration of a 200-mile exclusive management zone in 1977 brought with it new hope for the fishery. Foreign fishing decreased significantly and the local fishery expanded greatly. Both the federal and provincial governments “contributed to the new optimism in the fishery by providing grants and loans for increasing capacity in both the harvesting and processing sector” (Royal Commission, 1986:50). As a result, in the decade following the 200-mile declaration, the Total Allowable Catch (TAC) which was introduced as a management technique, increased significantly. As an example, the TAC for the Northern cod, the most important species for Newfoundland, expanded from 100,000 tonnes in 1978 to 280,000 tonnes in 1988 (Storey and Smith, 1997:88-89). The number of both fishermen and plant workers also expanded greatly. In 1975, there were 15,802 registered fishermen in Newfoundland, but five years later there were 35,271. In

the processing industry the number of employees grew from 3,878 in 1975 to 8,969 in 1979 (Royal Commission, 1986:125). In fact, in the period between 1977 and 1986, 56 per cent of all employment growth in the Province can be attributed to the fishery (Carter, 1993:133). As a consequence “the province has become increasingly dependent on the fishing industry, both as a source of employment and a key source of employment growth” (Carter, 1993:134).

However, the boom of the 1970s and early 1980s did not last very long. Many fish-processing companies overextended themselves and export markets declined (Royal Commission, 1986:50). What was more critical, however, was the decline of the resource base which became apparent by the end of the 1980s when the catch of groundfish dropped significantly. Following scientists’ reassessment of the size of the Northern cod stock, and a report from an independent panel, it was confirmed that the Northern cod stock was declining and a greatly reduced harvest would be necessary (CAFSAC, 1992; Harris, 1990). The TAC for the Northern cod was reduced to 197,000 tonnes in 1990 and further to 188,000 in 1991 (Storey and Smith, 1997:91). However, stocks continued to decline and in July 1992 the Canadian government announced a moratorium on commercial cod fishing followed by further restrictions on other groundfish stocks.

The activities in the fishery on the Bonavista Headland during the period from the mid-1960s to 1992 are a clear reflection of the ups and downs in the industry. The FPI plant in Port Union, which was built in 1957 as a seasonal inshore fish plant, went into year-round production in the early 1970s getting its fish from a fleet of trawlers (Coish, 1984:20). In the early 1980s the plant was expanded and the operation doubled to employ

up to 1,000 people including trawler crews (Whiffen, 1997:3). Following the moratorium, however, the plant was closed down. The Mifflin Fisheries Limited plant in Catalina was also doing well in the early 1980s; in 1981 it was “one of the largest salt fish businesses in Eastern Canada” (Hodgson, 1981:382). However, declining catches and changing market conditions led to the closure of the plant in 1989. Bonavista Cold Storage, which had been taken over by FPI, was the only fishplant in the area which remained open after the moratorium.

Although the large industrial projects dominated the economy on the Isthmus in the 1970s and 1980s the fishery still provided important employment there. Of the fish plants in the area the National Sea Products Limited plant in Arnold’s Cove is the biggest one. Processing started in 1967 and the main products have been smoked herring, lobster and fresh and salt cod. In its early days the operation provided roughly 50 full-time and part-time jobs but in 1978 National Sea Products began construction of a large new plant with freezers. Soon after the construction was completed the new plant was employing about 200 people, or four times what it did before (Pickard, 1995b:28; Tulk, 1997:116).

### **3.4.3 Population**

The period after the mid-1960s was not only a time of ups and downs in terms of employment opportunities but also a time of dramatic changes in the geographic distribution of the population in Newfoundland. Much of the traditional settlement was dispersed and isolated, and to many politicians this settlement pattern was a major constraint to economic development as it was “costly to provide many communities with

facilities such as electricity, roads, telephones, hospitals, and modern schools. It was also often impossible to find qualified doctors, nurses, and teachers willing to live in comparative isolation” (Matthews, 1983:172). Furthermore, it was believed that by concentrating the population into larger centres it would be easier to attract industries to these places since the necessary labour force would already be there.

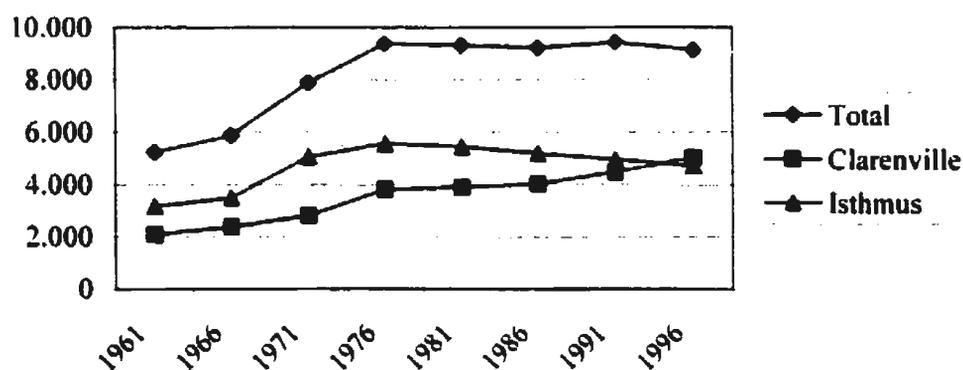
Between 1954 and 1965 the Newfoundland government provided financial assistance to families who wished to move from isolated places to larger communities under the Centralization Program; however, the amount of money each family could receive was small. In 1965 the federal government joined the Newfoundland government in its attempts to centralize the population. Under the Federal-Provincial Newfoundland Fisheries Household Resettlement Programme, as the new program was called, more money was offered to families willing to relocate than under the previous program, and the requirement that all households in a community had to agree to move was lowered to 80 per cent of households (Copes and Steed, 1975:101; Matthews, 1983:120). As a result of the resettlement programs, between 1955 and 1975 a total of 567 communities in Newfoundland were abandoned and more than 28,000 people resettled (Fuchs, 1995:57).

The resettlement programs affected many communities on the Isthmus. Some lost population, others increased as they became the new homes for families from more isolated places. As Figure 3.2 indicates, the total population of the Isthmus grew in the 1960s and 1970s, although the increase was not evenly spread among the communities<sup>3</sup>.

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<sup>3</sup> For detailed information on the population size of individual communities, see Appendix I, Table 1.

The changes were most significant for Arnold's Cove which the government had designated as a growth centre (Tulk, 1997:95). The population of Arnold's Cove almost tripled when 625 people resettled there between 1966 and 1972. Southern Harbour also experienced a great increase in population over the same period, as 401 people moved there under the resettlement program. Altogether, over 1200 people found new homes in the communities on the Isthmus, most of whom moved from Islands in Placentia Bay. Almost 500 more relocated to Clarenville and Shoal Harbour (*Statistics. Federal-Provincial Resettlement Program, n.d.*).

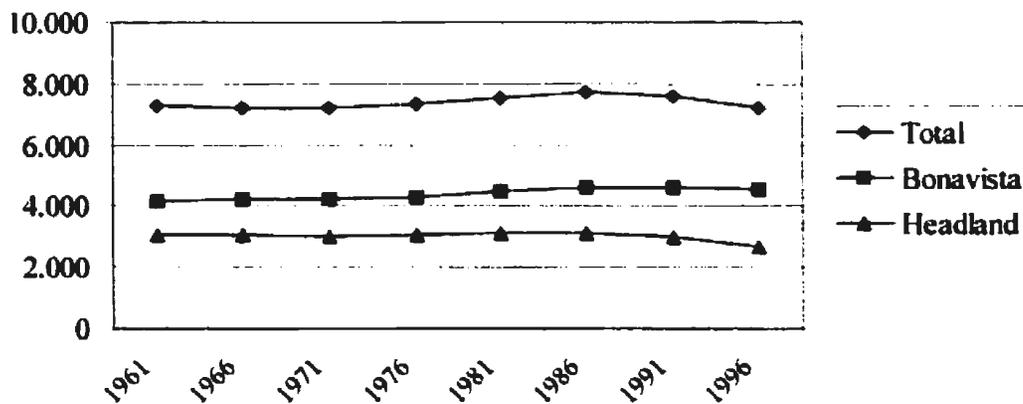


Source: Newfoundland Statistic Agency, 1994;1998.

**Figure 3.2 Isthmus of Avalon: population 1961-1996**

The rapid population increase between the 1960s and early 1970s was not, however, solely attributable to the resettlement program. This was also the time the industrial projects were started on the Isthmus and some of the in-migration to the area was related to these projects (Felt and Carter, 1980).

Between 1965 and 1975, almost 300 people moved to the communities on the Bonavista Headland under the resettlement program, primarily to Bonavista and to lesser degree, Catalina (*Statistics. Federal-Provincial Resettlement Program, n.d.*). However, census data show that the total population on the Bonavista Headland was relatively stable during this period (Figure 3.3; Table 2 Appendix 1). This suggests that the area experienced out-migration which balanced the impacts from the resettlement program. There can be a number of reasons why the Bonavista Headland was not affected in the same way as the Isthmus. There were no major industrial projects taking place on the Headland to stimulate the economy as happened on the Isthmus at the same time. Furthermore, while the Islands in Placentia Bay were the main place of origin of those who moved to the Isthmus, there are few offshore islands in the vicinity of the Headland.



Source: Newfoundland Statistic Agency, 1994; 1998.

**Figure 3.3 Bonavista Headland: population 1961-1996**

The total population in the study areas did not change significantly in the late 1970s and the 1980s. The decrease which the smaller communities on the Isthmus experienced was offset by the increasing population in Clarenville. On the Bonavista Headland there was a slight increase in the population in the 1980s which may be attributed to the expansion of the fishery following the declaration of the 200-mile limit.

#### **3.4.4 Regional Development Associations**

The 1960s and 1970s was a time of large-scale industrial development and relocation of many small communities, but it was also a time of organizational changes. During this period the regional development movement in Newfoundland was "taking off".

Opposition to the resettlement program was an impetus for the formation of the Regional Development Associations (RDAs) all over Newfoundland. However, other factors also contributed to the establishment of the RDAs. In some areas, people organized in attempts to deal with specific economic crises or urgent problems, while in other areas people were feeling strongly about their general economic conditions and felt that the government was not paying attention to their problems (Brown, 1971:3). The majority of the 59 RDAs that existed in 1995 were formed in the first half of the 1970s (Anderson, 1986:30; Task Force, 1995:29). The RDAs varied in many ways, however, they had two important characteristics in common:

they represent regions and not just particular communities or special interest groups. And they are comprised of volunteer people who for the most part are long-time residents of their regions ... They are people speaking out for themselves on matters

which effect (*sic*) their lives on a very real, day to day basis (“Regional development assoc.,” 1975:1).

When the first RDAs were formed, the organizational landscape in rural Newfoundland was quite different from what it is today as in many cases the RDAs were formed before community incorporation, and before groups such as school boards or fishermen’s committees were established. Therefore, the RDAs took on the leadership role in rural development in many areas of Newfoundland. Over the years, however, the leadership role of the RDAs has diminished. Many of the issues formerly addressed by the RDAs were taken over by new organizations such as town councils and school boards and the RDAs’ main purpose became job-creation (Fuchs, 1993:3; Fuchs, 1995:60):

During the 1970s and 1980s, RDAs became the mechanism of choice for government to funnel short-term job creation and emergency response funds into communities. This increased the RDAs’ reliance on short-term “make-work” programs to enable people to qualify for unemployment insurance (Task Force, 1995:29).

There are two RDAs on the Isthmus, the Isthmus Area Regional Development Association which covers the area from Long Harbour and Chapel Arm in the south to Fair Haven and Chance Cove in the north, and the Trinity-Placentia Development Association which covers the northern part of the Isthmus north to Goobies. Originally, the Isthmus Area Regional Development Association and the Trinity-Placentia Development Association were the same association, formed in 1971 and incorporated in 1979. In the mid-1980s the organization was split into the two groups found on the Isthmus today (Anderson, 1986:30).

The RDAs on the Isthmus are much like all the other RDAs in Newfoundland with respect to the kind of projects they have been involved with. For years, the prime focus was on short term make-work projects which mainly involved development of fisheries infrastructure like wharf construction, and social enhancement projects including, for example, construction of community centres. However, the projects have changed over time with more emphasis being put on long-term employment. With the establishment of the economic zones, the RDAs lost much of their funding. Now they have to apply for funding for each project and they are run on very limited budgets, mainly the administration funds associated with the projects they co-ordinate. However, the RDAs on the Isthmus still survive and are trying to meet the need for development in their area. Co-ordination of student work during the summer time, salmon enhancement and forestry projects are just a few of the projects the RDAs on the Isthmus have been involved with recently. Development of human resources has also gained more attention. For example, the Trinity-Placentia Development Association has been developing an adult literacy project over the last few years and has published one book for adult learners about resettlement (Morgan, 1997). The project was considered so successful that further funding was allocated to do three additional books.

The Bonavista Headland is also divided between two RDAs. The Bonavista Area Regional Development Association (BARDA), which includes the communities in Trinity Bay, (Bonavista, Catalina, Little Catalina and Port Union) was established in 1975, and the Bonavista South Development Association (BSRDA) which was established in 1983 to serve the communities on the Bonavista Bay side of the Headland, including

King's Cove, Duntara and Keels (Smith, 1997:141). Besides make-work projects, the RDAs on the Bonavista Headland have been much involved with tourism projects. In its early days BARDA and other local development groups were involved in restoring the Cape Bonavista lighthouse and building two small museums, one in Bonavista and the other at the Cape Bonavista lighthouse (Smith 1997). Just as on the Isthmus, human resource development is also being considered by the RDAs on the Headland. For example, as a part of its literacy project BSRDA published a book in 1996 for adult learners about the King's Cove lighthouse (Bath, 1996), and sponsored and coordinated the production of "The Discovery Trail Learning Package", which contains cultural and historical material for adult learners (Baker, 1998a:2).

### **3.4.5 Summary**

The period from the mid-1960s to 1992 was a time of dramatic change in Newfoundland. The main development policies in the beginning of this period involved development of large industrial projects and relocation of rural settlements, both of which affected the Isthmus in particular. The impacts were much less on the Bonavista Headland. The resettlement program did not significantly affect the population there and no large-scale industrial projects were located there. However, the Bonavista Headland was not stagnant during this period. As a result of the optimism which followed the declaration of the 200-mile in 1977 fish plants were expanded, the number of fishermen increased, and the total population increased slightly. This did not last long though, as the fish stocks were

declining in the late 1980s and in the early 1990s to the point where the government closed the cod fishery in 1992.

### **3.5 1992 to the Present**

#### **3.5.1 The fishery**

Roughly 30,000 fishermen and plant workers in Newfoundland were affected by the closure of the fishery. The moratorium affected all groundfish fisheries but shrimp, crab, lobster and lumpfish fisheries remained open. In 1995 it was estimated that the Newfoundland fisheries were employing only about 10 per cent of the labour force that they did during the late 1980s and generating approximately only 20 per cent of previous export earnings (Felt and Locke, 1995:219). As of 2001, the moratorium is still in effect, although a limited commercial cod fishery has been allowed on the south coast of the Province. Since the early 1990s, the fishing industry has undergone significant restructuring and diversification with crab and shrimp replacing groundfish as the most important species both in terms of landings, and particularly, in terms of landed value (Newfoundland and Labrador, 1998:8). However, this has not managed to replace many of the jobs lost as a result of the moratorium.

Government's main response to the moratorium was to introduce income support programs. The initial program, the Northern Cod Adjustment And Recovery Program (NCARP) extended from 1992 to 1994 when it was replaced by the Atlantic Groundfish

Strategy (TAGS) which expired in August 1998. The main objectives of the programs were to:

- decrease the negative economic impact which the stock closure would cause, and provide some stable source of income to the thousands of people affected, and secondly
- “restructure” or downsize the industry (Storey and Smith, 1997:100).

In terms of providing income stability the programs were generally successful. The total income of full-time fishermen may have decreased, but on the other hand they were ensured steady income for a period of time. The benefits and the number of people eligible for benefits decreased over time with program changes. The original goal was to reduce the fishery sector work force by 50 per cent. That goal may not be reached but downsizing of the industry is well underway. Estimates made in 1998 show that when TAGS expired in August 1998 about 58 per cent of those Newfoundlanders originally eligible would still be eligible to collect benefits (Human Resources Development Canada, 1998).

In June 1998 a new adjustment package was announced for the people who would still be collecting TAGS by the end of August 1998. Under the new program, fishery workers can choose between “one-time payment of up to \$14,000, early retirement package, a license buyback, or the chance to upgrade their education and relocate” (MacAfee, 1998:6). However, it was made clear when the program was introduced that this would be the last fishery aid package from the federal government (Cleary, 1998:1).

The Bonavista Headland is one of the regions which has suffered under the groundfish moratorium. The importance of the fishery for the communities on the

Headland is illustrated by the proportion of the labour force involved in fishing and fish processing. In 1991 King's Cove showed the lowest dependency on the fishery, with 31% of the labour force involved in that sector, while Port Union had the highest dependency with 59% of the labour force directly involved in the fishery<sup>4</sup> (Storey and Smith, 1997:95, based on Census 1991).

It is not easy to assess the full employment loss from the moratorium. The number of people eligible for income support is an indicator of how much impact the closure of the fishery had. On the Bonavista Headland, over 1800 fishery workers, or 44 per cent of the labour force, were able to collect benefits from NCARP and/or TAGS. Considering that many other industries in the region were supporting and supplying the fishery, the total loss of jobs was likely even higher (Smith, 1997:117-118).

The fish plant in Bonavista, owned by FPI, is the only plant in the area which has remained open in spite of the moratorium. Prior to 1992, the plant had begun processing crab along with cod and since the moratorium came into effect it has been solely processing crab. The plant is operating on a seasonal basis and provides upto 650 jobs in the peak season (Baker, 1998b:2).

The FPI plant in Port Union was shut down in 1992 following the announcement of the moratorium. The closure had devastating impacts on the community and the region as a whole as it had been operating year-round, employing close to 1,000 people from Port Union and neighboring communities. In spite of FPI's attempt to sell the facility, the

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<sup>4</sup> Storey and Smith (1997:95) point out that data from Fisheries Food and Allied Workers Union imply even higher dependency on the fishery than the Census data suggest.

plant remained closed. In 1998, however, after being mothballed for six years, the plant got a new life as the company converted it to a shrimp plant. The plan is to operate the plant for about five months a year employing between 120 and 150 people (Whiffen, 1997:3). The third fish plant in the area, the Mifflin Fisheries Ltd. salt fish plant was closed in 1989. That plant has now gained a new role as a seal processing facility which was opened up in early 1998 (Barker, 1997:1). The plant operates on a seasonal basis and provides between 30 and 80 jobs.

On the Isthmus, the moratorium also had impacts, but not nearly as serious as those on the Bonavista Headland. The area as a whole was not as dependent on the fishery. Even so, approximately 22 per cent of the labour force on the Isthmus (excluding Clarenville) was eligible for government income support under NCARP (Economic Recovery Commission, 1993). The largest fish plant in the area, the National Sea Products plant in Arnold's Cove, employed between 400 and 430 people prior to the moratorium. After 1992 it had to make adjustments to remain in operation. In 1993, about 130 people were working in the plant for 16 weeks a year but that has now expanded to 370 workers employed for 47 weeks a year. Since 1993, the National Sea plant has been purchasing cod from companies which fish in the Bering Sea and also processing species other than ground fish (Pickard, 1995a:28). In addition, co-operation between the managers and workers led to restructuring of the plant so that it has become a low cost producer (Tulk, 1997:166).

The other fish plants on the Isthmus are all operating on a much smaller scale than the National Sea plant. Terra Nova Fisheries in Clarenville is processing seal meat,

surimi for imitation crab products, and also capelin and squid products. Dorset Fishery in Long Cove is open for between 20 and 30 weeks a year processing herring, capelin, mackerel, and squid. Avalon Ocean products in Arnold's Cove operates seasonally and is involved with buying and packaging lobster for live shipment and processing of scallops and lump roe. The plant in Southern Harbour, Port Enterprise, also operates seasonally processing capelin, and processing and storing frozen crab and cod on behalf of another processor (Discovery Regional Development Board, 1997:65).

### **3.5.2 Industrial activities**

In the 1990s, just as in the previous decades, large-scale industrial projects on the Isthmus were in the spotlight. In October 1990 construction of the Hibernia oil platform started at Bull Arm, Trinity Bay near Sunnyside. This was a seven years project which was completed in May 1997 when the platform was towed to its offshore site. The construction of the Hibernia platform was the biggest industrial project on the Isthmus so far, and indeed the biggest project ever undertaken in Newfoundland. At peak, in September 1995, 5,699 workers were employed at the site, of whom eight to ten per cent were from the immediate area (Community Resource Services and Canning and Pitt Associates, n.d.:4-9). Initially, high expectations about the potential employment and business benefits were held in the communities closest to the construction site. The project turned out to have significant economic impacts, particularly in Clarenville, not only from the employment generated on site, but also from indirect employment and

increased business activity. Local communities nonetheless felt that they did not get their fair share of jobs (Community Resource Services, 1996:9).

The latest of the industrial projects on the Isthmus to be completed is the construction of the Transshipment Terminal at Whiffen Head, Placentia Bay. The terminal became operational in late 1998. On average, approximately 250 construction jobs were generated with a peak of 450 employees in 1998. During operations, the terminal requires somewhere between 20 and 40 workers and the two shuttle tankers which move oil to the facility provide approximately 100 additional jobs (Discovery Regional Development Board, 1997:115).

The Bull Arm site has also been reactivated for the fabrication of a number of topside modules for the floating production storage and off-loading vessel for the Terra Nova Project (Newfoundland and Labrador, 1998:11). The Terra Nova project is the second oil field to be developed on the Grand Banks (Hibernia being the first one). The construction work taking place at Bull Arm is a three year project which began at the end of 1998 with peak employment of 600 expected in the summer of 1999 ("Terra Nova topside." 1998:1-2). Another project which began in 1998 is a sulphur pellet plant on site at the Come By Chance refinery. The idea is to take the sulphur waste from the refinery and turn it into sulphur pellets for export. The project is predicted to create three or four full time jobs (Flanagan, 1998b:19; Dean-Simmons, 1998:1).

Ever since the phosphorus plant in Long Harbour was shut down in 1989, the town council of Long Harbour has been looking for other opportunities which could provide much needed jobs for local residents. In 1991 the council and Albright & Wilson

Americas Ltd., the owner of the plant, combined to form the Long Harbour Development Corporation, which was to play the leading role in investigating and identifying “alternative economic activities for the town” (“Development corporation,” 1991:8).

In 1991, Albright & Wilson Americas Ltd. reached an agreement with North American Resource Recovery Inc. to investigate the possibility of an “energy-from-waste” plant in Long Harbour. The idea was to ship in domestic garbage from the east coast of the United States and generate power by burning this waste. The construction of the plant was expected to provide between 800 and 1,000 jobs, and once operation started, the facility would employ as many as 150 full-time workers (Doyle, 1991:7; Jackson, 1994:1). The company in question received funding from the Atlantic Canada Opportunities Agency (ACOA) to conduct a feasibility study for the project; however, the project did not pass the investigation stage (Hebbard, 1993:9). Although residents in Long Harbour were generally in favor of the project, many Newfoundlanders found it unacceptable to import garbage from other places and the Say No to American Garbage Group (SNAGG) was formed to fight the proposal (Pedersen, 1993:12). After the company lost the funding from ACOA in 1993 it appeared to lose interest in Long Harbour. In 1996, the mayor of Long Harbour said in an interview that the project was unfortunately a dead issue and that he blamed “SNAGG together with a lack of political will by the provincial government for killing the deal” (Benson, 1996b:2).

It was not until late November 1996, seven years after the plant closed, that the residents of Long Harbour saw some real hope for an improved economic situation for their town. In 1994 a large mineral deposit (nickel, copper, cobalt) was discovered at

Voisey's Bay, Labrador. To process these minerals, Inco, the company holding the mining rights, committed to build a smelter/refinery in the Province. The Argentinia Management Authority and the Long Harbour Development Corporation joined forces to lobby for the Voisey's Bay smelter/refinery which, if constructed, would create many new jobs in the area. In November 1996 it was announced that the smelter/refinery would be located in Argentinia, only a few miles from Long Harbour (Flanagan. 1996:1). However it has not been decided when or even if the project will be undertaken. The project has passed the environmental assessment requirements but, as this is written (July, 2000) the project remains on hold in part because of differences between Inco and the provincial government over where the nickel would be processed. If the project were to go ahead the communities in the immediate vicinity of Argentinia, including Long Harbour, would undoubtedly benefit from it as the proponent's intention would be to give local people preference when hiring (Hebbard. 1997c:3).

If the smelter/refinery goes ahead it would provide other opportunities besides direct employment on the site. The Long Harbour Development Corporation in conjunction with a Sudbury-based company has been looking into developing an industrial park at the site of the former phosphorus plant. The park "will include manufacturing, fabrication, engineering, construction and marine modification and repair service for the [Argentinia] smelter" (Hebbard, 1997b:19).

Another possible project related to the smelter/refinery is the construction and operation of an energy cogeneration facility at the Come By Chance refinery. Because of the proposed smelter/refinery, Newfoundland and Labrador Hydro has identified the need

for an additional 200 megawatts of power. North Atlantic Refinery Ltd. has proposed the production of 205 megawatts of power through gasification. The proposal assumes that construction would take a little over a year (North Atlantic Refinery Ltd, 1997:1, 5). Whether this power generation option would be chosen is uncertain. Newfoundland Hydro is looking into other possibilities, and Inco itself is also considering alternative means of power generation.

### **3.5.3 Tourism**

Although the fishery is the economic base on the Bonavista Headland and industrial projects characterize the Isthmus, other activities, such as tourism, also contribute to the local economies of the areas. The tourism industry is a relatively new sector in Newfoundland and, with the fishery closed, it has become more important as an alternative source of employment. The overall results from a study undertaken for the Department of Tourism, Culture and Recreation, indicates that the Province has "definite strengths with respect to the inherent quality of its natural, cultural, and heritage resources, and these resources form the basis for its tourism product" (Economic Planning Group of Canada *et al.*, 1996:10).

A tourism strategy prepared for the Bonavista Peninsula in 1986 identified a number of development opportunities on the Headland, such as the "John Cabot Interpretation Centre" at Cape Bonavista and "Paradise Park", which would be a small commercially operated family oriented amusement park in the vicinity of the Town of Bonavista (Peter Barnard Associates *et al.*, 1986). In a tourism strategy developed by the Department of

Tourism, Culture and Recreation in 1996, the Discovery Trail, which covers the Bonavista Peninsula, is identified as one of three international calibre tourism destination areas in the Province, and Bonavista is identified as a “heritage community” (Newfoundland and Labrador, 1996). The Bonavista Peninsula, with its long and unique history, has potential as a tourist destination and the communities in the area have been trying to tap into this.

1997 was the big year for tourism on the Bonavista Headland with the 500 year celebration of John Cabot’s “discovery” of Newfoundland. The celebration took place all over the Province, however, the Town of Bonavista provided much of the focus. As part of the celebration, a replica of Cabot’s ship, the Matthew, sailed across the Atlantic from Bristol to Newfoundland with Bonavista as its first port of call in Newfoundland. The event created much excitement and tens of thousands of tourists greeted the Matthew on its arrival in Bonavista.

For a number of years prior to this event volunteer groups had been working hard to make sure the celebration would be a success and to generate good publicity for the town. It was hoped that the attention given to Bonavista in 1997 would only be a beginning for something more, or, as the mayor put it in an interview: “the influx of visitors in 1997 will lead to heightened awareness and increased tourism for the Bonavista Peninsula in years to come” (Whiffen, 1996:2).

One of the major tourist attractions in the area is an old lighthouse on Cape Bonavista which has been restored and declared a Provincial Heritage Site. Among the other projects undertaken to make Bonavista more attractive to tourists is the restoration

of the Ryan Premises which, in the late 1800s and early 1900s, was the headquarters of James Ryan Ltd, a merchant company heavily involved with the fishery. This salt fish complex is one of Parks Canada's most recent National Historical Sites. Officially opened by Queen Elizabeth II in June 1997, the buildings house several local craft retailers and are the stage for theatric presentations demonstrating traditional outport life (Smith, 1997:147). The Legacy Building is another project being developed to attract tourists to Bonavista. It is a building which will, among other things, house a replica of the Matthew, built in Bonavista, and it is hoped that once finished it can provide a year-round tourist attraction for the area (Smith, 1997:147).

Another heritage project in Bonavista, which has received funding from ACOA, is to develop what the Bonavista Historical Society it calls "the historic landscape project". The idea is to treat the entire town as a heritage resource so "the town becomes the attraction, not just the sites in it" (Hebbard, 1997a:4). The property of Sir William Coaker's Fishermen's Protective Union in Port Union is also under consideration as a tourist attraction, and the Coaker Foundation has proposed to develop the site (Benson, 1996a:15). Besides these heritage projects a number of other tourism initiatives have taken place in the area, for example a boat tour operation and a number of new bed and breakfast operations have been established (Smith, 1997:148).

The Isthmus has not been very active in tourism development, with the exception of Clarenville. In 1994 the Randolph Group Management Consultants inc. *et al.* developed a regional tourism strategic plan for the Avalon Peninsula including the Isthmus (but not Clarenville) and a small portion of the Burin Peninsula. While the plan identifies a

number of potential tourism opportunities for the region, very few are on the Isthmus. The Isthmus and the Islands in Placentia Bay are considered to have potential in terms of settlement heritage as there are many abandoned communities which were resettled from the 1950s to 1970s. The Trinity-Placentia Regional Development Association has proposed the development of a resettlement museum. Other significant short-term or one-time opportunities identified in the strategic plan were related to the construction of the Hibernia oil platform, such as the establishment of a visitor centre, site tours and a Tow-Out celebration (Randolph Group Management Consultants *et al.*, 1994).

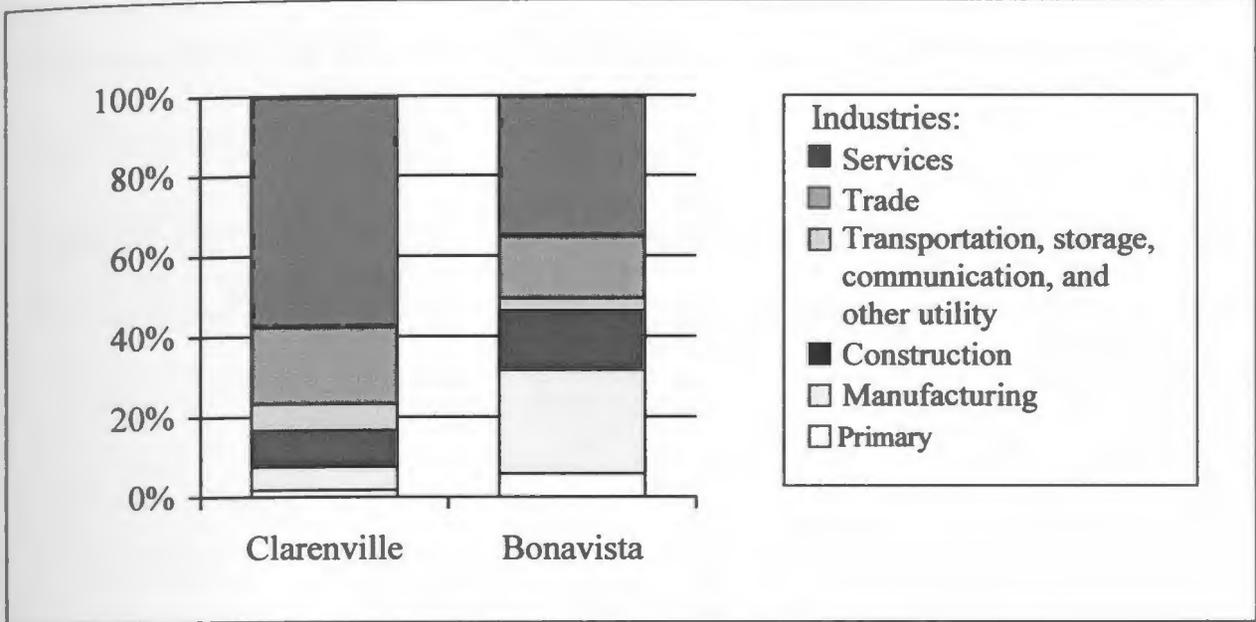
Clarenville has been more active in tapping into tourism opportunities, mainly through provision of tourism services. The White Hills ski resort located less than 10 km north of Clarenville, is the main down-hill skiing area in eastern Newfoundland and provides potential for winter tourism in the region. Terra Nova National Park and the golf course at Port Blandford are both in the vicinity of the town and attract a number of tourists to the region each year. Furthermore, most tourists who visit the Bonavista Peninsula drive through Clarenville on their way and the town has managed to capture much of the spin-off as many tourists stop in Clarenville to use hotels, restaurants and other services there.

#### **3.5.4 Service centres**

The service sector also provides a number of jobs in the two areas, particularly in the larger communities. Bonavista services the Headland communities and Clarenville is the main service centre for the Isthmus. However, their function is very different due to their

location. Bonavista is on the tip of the Bonavista Peninsula and does not have as big a hinterland as Clarenville, which is located near the meeting point of the Avalon, Burin and Bonavista Peninsulas, right on the Trans Canada Highway, and almost midway between St. John's and Gander. Furthermore, more than 60 communities are within a 50 mile radius of Clarenville. Therefore, many firms and government agencies, which provide services to Eastern Newfoundland, have chosen Clarenville as their regional headquarters.

The different functions of the two towns, one being a *local* service centre while the other is a *regional* service centre, become clear when looking at the importance of the service sector as a source of employment (Figure 3.4). While the service and trade sectors account for approximately 75% of employment in Clarenville, only about 50% of jobs in Bonavista are in these sectors. The other main contrast is the importance of the manufacturing sector as a source of employment in Bonavista, which can mainly be attributed to the FPI fish plant. Considering that the jobs in the primary sector in Bonavista are also almost exclusively related to the fishery it is apparent that the fishery plays the most significant role for the town in spite of it being a service centre.



Source: Statistics Canada, 1998.

**Figure 3.4 Bonavista and Clarenville: distribution of employment by industry 1996**

Table 3.1 provides more detailed information regarding the business and service sectors in each town. Both communities are locations for regional hospitals and health and social services are important sources of employment. The largest single employer in Clarenville is the regional hospital. The education sector is another big employer in Clarenville providing approximately 11 per cent of all jobs in the town. Besides primary and secondary schools, the town also has post-secondary education facilities such as the College of the North Atlantic and Keyin Technical College.

Over the last few years the information technology sector has taken root in Clarenville and the town claims to have led “the way in rural Newfoundland and Labrador with its recognition of the potential that IT offers for long term sustainable employment” (Discovery Regional Development Board 1997:94). There is some evidence that the IT sector is providing real opportunities; an IT consulting cooperative, made up of recent

graduates of the local college, has been very active and several other small IT businesses have been initiated as well.

**Table 3.1 Clarenville and Bonavista: the importance of the trade and service sectors as sources of employment in 1996**

	Clarenville		Bonavista	
	number of jobs	% of total employment	number of jobs	% of total employment
Retail and wholesale	505	19.1	250	15.3
Financial, insurance and real estate	115	4.3	30	1.8
Business services	75	2.8	0	0
Government services	270	10.2	95	5.8
Educational services	305	11.5	105	6.5
Health and social services	270	10.2	220	13.5
Accommodation, food and beverage services	300	11.3	60	3.7
Other services	190	7.2	65	4
<b>Total</b>	<b>2030</b>	<b>76.6</b>	<b>825</b>	<b>50.6</b>

Source: Statistics Canada, 1998.

The importance of government services and accommodation, food and beverage services in Clarenville, compared to Bonavista illustrate the role of the town as a regional rather than just a local service centre. The comparison of the accommodation, food and beverage services in the two communities also indicates that Clarenville has been more successful in capturing benefits from the tourism industry.

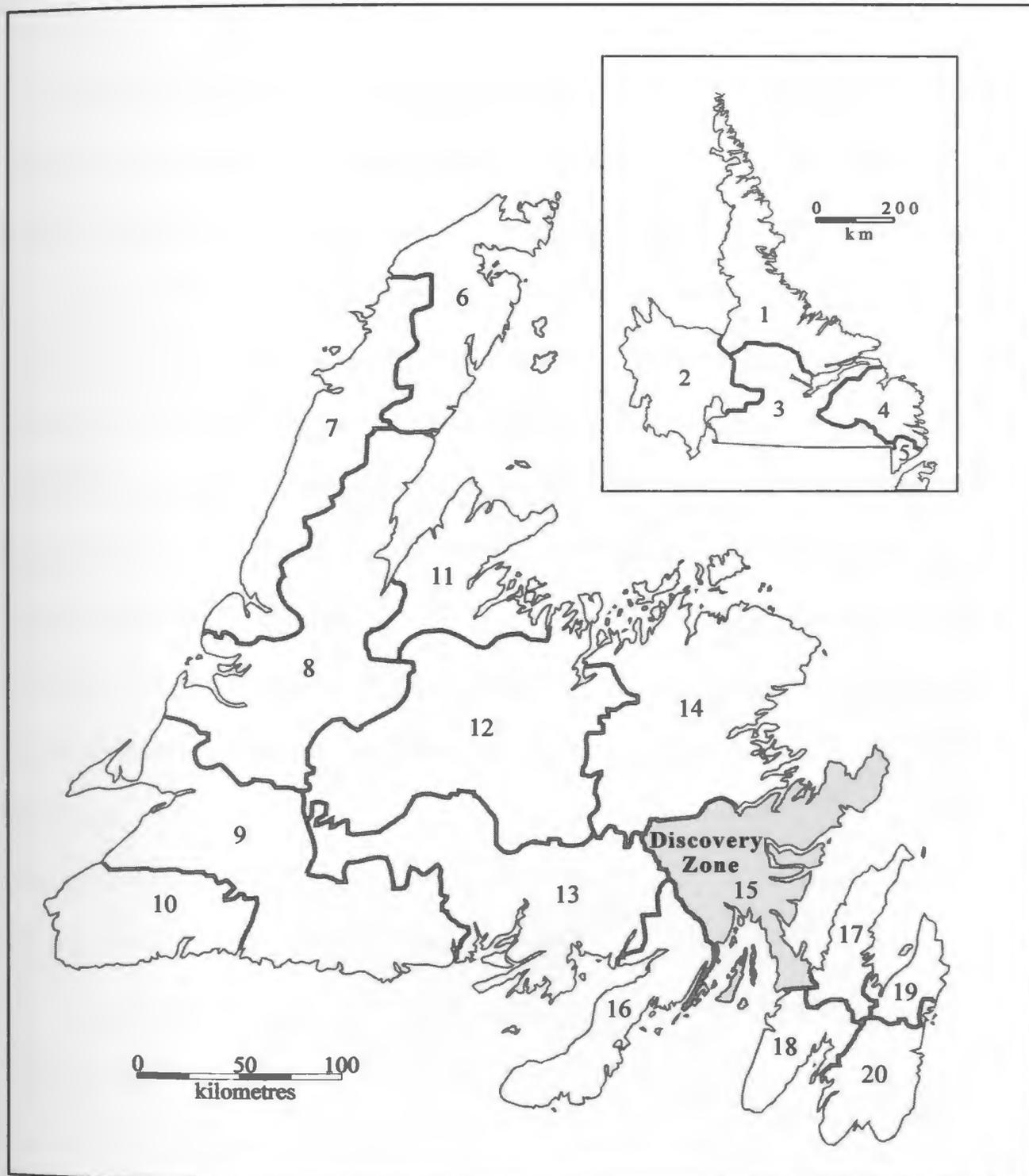
Heavy reliance on services is, however, no guarantee for a stable economy. Being a service centre means that the economy of Clarenville is closely linked to the regional economy and employment in nearby communities. When the oil refinery at Come By Chance was first constructed, jobs became available for residents of Clarenville, and the

town provided services for refinery employees living nearby. When the refinery closed, it affected the economy of Clarenville, but the town managed to recover in a few years. The reactivating of the refinery, as well as the Hibernia construction project at Bull Arm, have benefited the town's economy, both creating jobs and an increased demand for services.

### **3.5.5 The Discovery Zone**

As outlined in section 3.4.4 the Regional Development Associations (RDAs) played a key role in rural development in their early years. In the 1990s the organizational landscape in rural Newfoundland is, however, quite different as other groups have been established and taken on leadership roles. The approach to economic development in Newfoundland has also been changing. After advocating top-down approaches for many years, the Newfoundland government is now trying to promote more locally-based development where a commitment to volunteerism and local control and decision-making is combined with a strong endorsement of strategic economic planning, business principles and entrepreneurship (Greenwood, 1997:131).

This new approach, in which the Province is divided into economic zones (Figure 3.5), was introduced in *Change and Challenge*, the Provincial government's Strategic Economic Plan, released in 1992. The reason for dividing the province into zones is to make development more efficient and decrease duplication and overlapping of development activities. With the economic zones it is hoped that co-ordination and integration of economic planning and development activities, which includes the



**Figure 3.5 The Economic Zones**

provision of infrastructure and services, can be improved (Newfoundland and Labrador, 1992:16).

In *Community Matters*, the final report of the Task Force on Community Economic Development in Newfoundland and Labrador, released in 1995, the role of the economic zones and the zone boards is discussed in some detail. There it says that the primary function of the boards is to provide strategic focus and leadership. The main task of the boards is to develop and implement strategic economic plans for their zones (Task Force, 1995:59). The strategic economic plans are the basis for Performance Contracts which the boards negotiate with the government and which provide the zone boards with funds to support local development initiatives. This way of using “top down resources to support local goals and decision making” is considered “the key innovation for the New Regional Economic Development” (Greenwood, 1997:132). Among other issues that the boards are meant to address are: provision of support services and technical expertise to organizations and communities within the zones; co-ordination of federal and provincial programs with the zonal strategic plan; and promotion of public participation and community education (Task Force, 1995:62-65).

The Bonavista Headland and the Isthmus, apart from Long Harbour, belong to Economic Zone 15, the Discovery Zone (Figure 3.5). The Zone includes 109 communities with a total population of a little under 35,000 people. Seventeen volunteers representing Rural Development Associations, town councils, business groups, labour, education and other community groups form the Discovery Regional Development Board (DRDB). The Board has completed Phase I as identified by the Task Force, which

involved hiring staff and the development of a Strategic Economic Plan (SEP). After an in-depth research and public consultation process, which included public meetings, individual interviews and questionnaires, the DRDB developed its SEP in the Fall of 1997. The SEP provides a vision for The Discovery Zone:

**By the year 2005, the residents of Zone 15 will live in an environment where rural traditions and lifestyles are permanent fixtures in a self sufficient and self reliant economic environment. The region will continue to offer its residents clean and rich surroundings, uncompromised in the pursuit of long term sustaining economic development activities, which are based on global viability in combination with diversity (Discovery Regional Development Board, 1997:16)**

The plan also identifies the initiatives which are considered to hold the “greatest potential for real economic development growth and will be the direction of the DRDB’s efforts in the first portion of its five year mandate” (Discovery Regional Development Board,

1997:20). These initiatives are:

- enhancement of primary fishing and aquaculture opportunities
- concerted effort to develop an information technology industry
- development of an environment that facilitates oil industry activities
- comprehensive development activities along the Discovery Trail
- identification and promotion of value-added manufacturing opportunities
- agriculture development
- ensure required infrastructure and investment are available to facilitate the development of the dimension stone industry
- business development opportunities identification and promotion in seniors care/service

(Discovery Regional Development Board, 1997:21-22).

The task of developing all the initiatives identified is a difficult one and it is too early to suggest how successful they will be since the whole process is still in the early stages.

With the plan in place the DRDB has completed the process of negotiating Phase II of the performance contract and is well into implementation of the plan.

Long Harbour is not part of the Discovery Zone but belongs to Economic Zone 18, which covers the south-western part of the Avalon Peninsula. Zone 18 has been given the name Avalon Gateway Regional Economic Development Inc. The zone board was among the latest to put together a strategic economic plan and is in the early stages of implementing the plan.

### **3.5.6 Other key players in development**

The DRDB is a key player in development in the study areas, however, it is not the only group concerned with development. The Long Harbour Development Corporation has already been mentioned and the RDAs have also been discussed. Besides these there are a number of other groups and agencies which are concerned with development in the areas.

The Clarenville Area Chamber of Commerce, or the Chamber as it is often referred to, was formed in 1968. Ever since its establishment the Chamber has played an important role in promoting development in the Clarenville area. Among the projects it has been involved with are the Clarenville Telematics Strategy and the Cabot Regional Tourism Initiative.

The Clarendville Telematics Strategy was launched in 1995 as a joint venture of the Clarendville Area Chamber of Commerce, the Town of Clarendville, the Enterprise Network, the College of the North Atlantic and the Provincial Department of Development and Rural Renewal (Discovery Regional Development Board, 1997:94). The Strategy is funded by an agreement between the federal and provincial government and by contributions from the partners. In July 1997 the Strategy released its strategic economic plan and with that in place, it is hoped that Clarendville can become a leader "in the area of rural IT-based business and economic development" ("Clarendville Telematics," 1997:3). Ever since the Telematics Strategy was initiated it has been the driving force behind promotion and development of information technology in the area.

The Cabot Regional Tourism Initiative is another project the Chamber has been involved with. The Initiative, which is co-ordinated by a sub-committee of the Chamber, is "a community oriented organization with a mandate to promote and enhance the tourism industry in the town and region" ("Cabot regional tourism," 1997:4). The project is mainly funded through Human Resources Development Canada, but some money comes from membership fees. Established in the beginning of 1997, this particular initiative is still young. However, it has done a number of things to promote the area. It has developed a town map of Clarendville in partnership with the town council; it produces a weekly guide to entertainment and activities in the area; it has developed a brochure highlighting events and attractions in the region, and it is now developing a web site which will include tourist information as well as general information about Clarendville.

On the Bonavista Headland, Cabot Resources Inc., which operates out of Catalina, has been actively promoting development in the area ever since it was formed in 1995. Dairy goat farming is one of the projects the group has been involved with and which has been moving ahead successfully. Nine individuals, all but one being former fishery workers, have formed a co-op to produce goat milk which is used to make value-added products such as cheese and spreads. Another project which the Cabot Resources Inc. has been involved with is berry farming and processing. This project has been on the table for the past few years and is slowly moving ahead. Land has been cleared and burned and it is hoped that farms will start in the next few years. Another project that has been considered using local resources is Christmas tree farming. Among projects based on non-local resources is wicker furniture manufacturing.

The Atlantic Canada Opportunities Agency (ACOA) and Human Resource Development (HRD) are federal government agencies which have played a key role in funding development activities in the study areas. ACOA has the aim of providing leadership in economic development and helps individuals (or groups) to set up, expand or modernize small- and medium-sized businesses. Among the projects on the Bonavista Headland which ACOA has sponsored are a slate mine in Keels, the "historical landscape project" which the Bonavista Historical Society is initiating, and the Coaker Foundation is looking to ACOA for support for its initiative in Port Union. On the Isthmus, the agency was involved with the "energy-from-waste" project which was proposed for Long Harbour, and it is providing support to the sulphur pellet plant in Come By Chance.

HRD has also contributed to development projects in the area mainly through providing funds for hiring staff or for training. For example, the Cabot Tourism Development Initiative in Clarenville and the Cabot Resources Inc. in Catalina have both received funding from HRD for administration. The building of the replica of the Matthew in Bonavista has been supported by HRD and it has also sponsored the training for the berry project initiated by Cabot Resources Inc.

The provincial Department of Development and Rural Renewal (DDRR) has also been much involved in the development of the region. Besides assisting with the establishment of the economic zone, DDRR has provided loans and business and marketing advice to local businesses and initiatives. Among the projects DDRR has supported are the sulphur pellet plant in Come By Chance, the IT co-operative in Clarenville, the goat farming co-operative on the Bonavista Headland, and the Coaker Foundation's initiative in Port Union.

When considering groups concerned with development the involvement (or lack thereof) of municipal government deserves some attention. Traditionally, municipalities in Newfoundland have not played a big role in economic development as they "are relatively restricted in their authority in the area of economic development, which is mostly the responsibility of the Rural Development Associations and the Provincial economic development department" (Skelly, 1995:29). In research carried out by Greenwood (1991:167), a former mayor expressed the feeling that "the role of local government as far as the province is concerned is to `pave roads, then tear up the pavement to install water and sewer systems, and then pave them again and plough snow

off them and pick up garbage from beside them.”” In recent years, however, the role of local municipalities has been somewhat extended and now they are allowed limited involvement in economic development. They are permitted to provide tax discounts to private companies and they may also form joint ventures with private businesses to provide services to the local population. Furthermore, municipalities may designate land for any purpose through the municipal planning process (Skelly, 1995:29).

The municipal governments in the study areas are just like others in the Province. Their main role has been to run the community and involvement in economic development has been very limited. None has an economic plan and none has an economic development committee. However, a few are looking at developing an economic plan, for example Clarendville and Arnold’s Cove. Some of the municipalities have sub-committees such as recreation committees which, even though not focusing primarily on economic development, have been involved with community development. The recreation committee in Arnold’s Cove has, for example, been fairly active and developed a recreation complex mostly with local funds. Another community development project the town has been involved with was the publication of a book on the history of the community to commemorate the 25th anniversary of the incorporation of Arnold’s Cove.

### **3.5.7 Social characteristics**

Both the Isthmus and the Bonavista Headland have had to deal with economic ups and downs in the past. The Isthmus area has seen more industrial activity than perhaps any

other part of the Province, however, its experience has been one of unstable growth with only Clarenville the exception to the pattern. The economy on the Bonavista Headland had stability until the groundfish moratorium was announced in 1992, but since then the area has been faced with a crisis. In both areas there is a need to respond to changing conditions and the new zone structure is considered one way to do that. However, the capacity to undertake community based economic development depends very much on the social characteristics of an area such as population, level of education and income.

#### *3.5.7.1 Population*

Declining population can have a significant impact on the capacity of an area to respond to changing situations. It is usually the younger and better educated people who leave since they have a better chance to find work elsewhere. This results in an aging population, a decreasing pool of potential leaders and entrepreneurs and a declining local tax base.

With respect to the population on the Bonavista Headland, it has been fairly stable for the last few decades and that has been particularly true for the smaller communities in the region (see Figure 3.3). However, information from the 1996 census indicates that the total population of the area has recently been declining. This decline is mainly taking place in the smaller communities rather than Bonavista which has managed to hold on to its total population (Appendix 1, Table 2). This decline in population is most likely a consequence of the groundfish moratorium. With the fishery closed and few other alternative employment opportunities, many people were faced with either staying in the

area and remaining unemployed or moving away. The impacts from the moratorium were not immediately evident, however, since in the first two years after the closure the number of people leaving the area did not increase significantly. Furthermore, those leaving in the early days of the moratorium were mostly young single males. As time passed and it became clear that the moratorium would be longer than many had expected, the rate of out-migration has increased with entire families, not only single individuals, leaving (Smith, 1997:140). The pace of out-migration was expected to increase even more with the expiration of the TAGS program in August 1998.

Another factor which is likely affecting out-migration is changes to the unemployment insurance (UI) rules and regulations which came into effect in July 1996 and January 1997. Instead of UI, the changed program is now called Employment Insurance (EI). With the changes it is more difficult than before to qualify for benefits, the benefits are lower and for a shorter period than before. The potential impacts from the UI/EI changes on the study areas are not apparent in Figures 3.2 and 3.3 as they took place after the data for the most recent census were collected. However, as many who qualified for UI are not eligible for EI, out-migration may be expected to increase from areas with high unemployment rates such as the Bonavista Headland.

Although Bonavista has always depended on the fishery, it is by far the largest community on the Bonavista Headland and as the service centre for the area, has a more diversified economy than the other communities. That is likely one of the reasons why the town has not experienced as dramatic a decline as some of the smaller communities.

Another reason is that the fish plant there did not close down but moved into seasonal crab processing which provides a number of jobs during the summer.

Unlike the Bonavista Headland, which is faced with a declining population, the population on the Isthmus has been growing slightly for the last decade (see Figure 3.2). The growth, however, can mainly be attributed to Clarenville as the populations of the smaller communities have either stayed the same or declined (Table 1, Appendix 1). This pattern could be expected as Clarenville has a much more diversified economy than the rest of the area and is not as sensitive to impacts from the industrial projects or the moratorium.

#### *3.5.7.2 Income and dependency on transfer payments*

The cod moratorium in 1992 meant that the main employment source for many communities disappeared and many people became further dependent on government income support. Income support was not anything new for Newfoundlanders as dependency on transfer payments as a source of income, such as Unemployment Insurance, has been one of the characteristics of rural Newfoundland. As Table 3.2 indicates, the dependency on transfer payments has increased significantly in the last decade on the Bonavista Headland. Even though all communities show the same pattern, the case of Port Union is more extreme than the others. In 1986 transfer payments made up only 10.9 per cent of the total income in that community, but ten years later transfer payments were almost 50 per cent of the total income. With the fishery as the single most important source of employment, the figures for the Bonavista Headland reflect the

decline of the fishery in the late 1980s and the severe impacts from the moratorium in 1992.

The communities on the Isthmus show a different pattern as dependency on government income support has not increased as significantly there as on the Bonavista Headland. Although changes in the fishery have likely had some impacts on the composition of total income on the Isthmus, the figures in Table 3.2 probably reflect the changes in industrial activity more. The oil refinery at Come By Chance was reactivated in 1987 and the phosphorus reduction plant in Long Harbour was closed in 1989. As a result the dependency on transfer payments in the vicinity of the refinery<sup>5</sup> decreased between 1986 and 1991 but the communities near the phosphorus plant<sup>6</sup> show increased dependence on income support during the same period. The main difference between the Bonavista Headland and the Isthmus is that the former has experienced a dramatic increase in government income support over the last ten years and shows significantly more dependency on transfer payments in 1996 than is the case for the Isthmus<sup>7</sup>.

For most the fishery has never been a high income generating sector and with TAGS, even though it provided a stable income, full time fishermen and plant workers were in most cases earning less than they did prior to the moratorium. Table 3.3 shows the average household income for 1991 and 1996. These figures, like the ones in Table 3.2, likely reflect the different impacts the moratorium has had in the two study areas.

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<sup>5</sup> Arnold's Cove, Come By Chance, Southern Harbour, and Sunnyside.

<sup>6</sup> Chapel Arm, Long Harbour, and Norman's Cove.

<sup>7</sup> The dependency on government transfer payments is not only reflecting higher unemployment rates on the Bonavista Headland compared to the Isthmus, but also lower participation rates (see Appendix 1, Tables 3 and 4).

While the average household income has increased significantly on the Isthmus during this five year period, the communities on the Headland have either seen slight increase or decline. Therefore, in 1996, there was a wide gap in average household income between the two study areas.

**Table 3.2 Transfer payments as percentage of total income 1986, 1991, and 1996**

<b>Isthmus</b>	<b>1986</b>	<b>1991</b>	<b>1996</b>	<b>Bonavista Headland</b>	<b>1986</b>	<b>1991</b>	<b>1996</b>
Arnold's Cove	25.2	23.3	27.5	Bonavista	34.2	33.8	43.8
Chapel Arm	33.1	38.7	18.7	Catalina	21.1	22.0	48.0
Come By Chance	25.6	12.6	14.3	Duntara	na	na	na
Long Harbour	24.0	39.3	30.8	Keels	na	na	na
Norman's Cove	29.3	36.2	36.3	King's Cove	na	na	na
Southern Harbour	30.9	25.2	31.4	Little Catalina	34.2	36.5	49.0
Sunnyside	33.2	27.3	22.8	Port Union	10.9	30.2	48.6
Clarenville	13.4	17.2	14.4				

Source: Statistics Canada, 1988; 1994; 1998.

**Table 3.3 Average household income on the Isthmus and the Bonavista Headland in 1991 and 1996**

<b>Isthmus</b>	<b>1991</b>	<b>1996</b>	<b>Bonavista Headland</b>	<b>1991</b>	<b>1996</b>
Arnold's Cove	33.393	51.084	Bonavista	32.001	34.228
Chapel Arm	39.369	47.770	Catalina	36.892	31.601
Come By Chance	44.152	50.293	Duntara	na	na
Long Harbour	32.202	38.270	Keels	na	na
Norman's Cove	29.874	34.394	King's Cove	na	na
Southern Harbour	43.727	55.746	Little Catalina	31.293	30.901
Sunnyside	35.395	41.025	Port Union	33.475	34.399
Clarenville	42.269	48.261			

Source: Statistics Canada, 1994; 1998.

### *3.5.7.3 Education and skills*

Low levels of education in Newfoundland compared to Canada as a whole is not a new issue, however, it is an issue which has gained significant attention in the last few years. Within Newfoundland, fishery workers have less formal education on average than other Newfoundlanders. For example, in 1986, 75.8 per cent of fish workers had less than high school education compared to 38.3 percent of non-fishery workers (Carter, 1993:142, 145). This is important in that:

less well educated workers receive lower income, experience lower participation rates and higher unemployment rates, are less adaptable to changing economic environment and new technologies, and have less flexibility and are more susceptible to layoffs over the business cycle (Carter 1993:153).

Considering how many people with low levels of education were faced with new and harsh circumstances after the moratorium, it is no surprise that education became one of the issues which NCARP and TAGS were supposed to address. The programs offered both occupational skill training for jobs such as auto mechanic, cosmetologist and office assistant, as well as an Adult Basic Education program which was focused on improving literacy skills (Smith, 1997:131). However, as will be addressed later in the thesis, it is questionable how beneficial these training programs have been.

Keeping in mind the greater dependency on the fishery on the Bonavista Headland, and that the fishery work force tends to have less formal education than non-fishery workers, it is not surprising to find that levels of education are lower for the Bonavista Headland than for the Isthmus (see Table 3.4).

**Table 3.4 Levels of education in 1996**

	<b>less than grade 9</b>	<b>less than high school</b>	<b>university degree</b>
<b>Bonavista Headland</b>	27.1%	58.0%	4.4%
<b>Isthmus</b>	15.7%	41.7%	8.6%

Source: Statistics Canada, 1998.

The relatively higher levels of education on the Isthmus can, however, be largely attributed to the situation in Clarenville. As a regional service centre and the location of a number of government services, the town has a significantly higher level of education than the rest of the Isthmus. Nevertheless, even if Clarenville is excluded, the Isthmus is still ahead of the Bonavista Headland when it comes to education levels.

With respect to skills it may be speculated that because of its history of industrial activity the Isthmus is in a better position than the Headland. Industrial projects have provided the local work force with skills which may have opened up some new opportunities for the local people. For example, Felt and Carter (1980) looked at the impacts from the refinery in the 1970s and determined that even though the operation:

did not appear to have any great effects on labour force characteristics for the area in terms of skill levels, an intensive, and highly successful 'in house' training program whereby local, often unskilled, individuals were given on-the-job training in the operation of petrochemical processes, was initiated at the refinery. The success of the program served to considerably upgrade the level of skills and experience of the labour force (Felt and Carter, 1980:69).

The other projects in the area have had similar effects. For example, the construction of the Hibernia oil platform has had significant effects on the level of skill of the local work force as the project demanded new skills and higher levels of quality. The federal government allocated \$18 million to training and/or skills upgrading between 1991 and

1995, and 55 construction trades training programs were offered from which some local people have benefitted (Community Resource Services, 1996:8: Grzetic *et al.*, 1996:19). In some cases the “programs have produced trades people with a skill level that is marketable internationally” (Community Resource Services, 1996:8).

### **3.5.8 Summary**

The 1990s will probably be remembered as the time of the moratorium. The closure of the Northern cod fishery is something which has affected most outports in Newfoundland and may be the beginning of the end for some of them. Of the two regions under consideration the impacts of the moratorium were much greater on the Bonavista Headland. Even though other species than groundfish are being utilized and the fish plants are opening up again, the employment this creates will not replace all the jobs lost with the moratorium.

Even though the Isthmus was affected by the closure of the fishery, the 1990s has not been a bad time for the region. The oil refinery is operating and the construction of the Hibernia platform had positive economic impacts on the area. Because of industrial activities in the past the Isthmus is in a better position to benefit from future projects than many other regions in Newfoundland. There are potential industrial sites there, including the Bull Arm site and the site of the phosphorus plant in Long Harbour. With the infrastructure in place new industrial projects are likely to take place on the Isthmus in the near future.

The tourism sector is a growing industry world-wide and both regions have been trying to take advantage of the new opportunities it presents. The Bonavista Headland is mainly promoting its history and has focused on heritage projects. On the Isthmus, Clarenville has been the most active in seeking opportunities related to tourism. The town has focused on services to tourists, such as accommodation and restaurants, to users of nearby facilities such as the White Hills Ski Resort and Terra Nova National Park. This underlines the role Clarenville plays as a regional service centre. Clarenville is the only community on the Isthmus which has experienced a significant increase in population over the last decade. On the Bonavista Headland, Bonavista, which is the service centre for that area, has not experienced as drastic a decline in population as the rest of the communities on the Headland.

When comparing the Bonavista Headland and the Isthmus it becomes clear that their economies are fundamentally different. The former is mainly dependent on the fishery and has been facing a crisis since the moratorium, while the latter depends on large industrial projects which have varied in terms of their long-term stability. The position these areas find themselves in today is very much due to their different economic experiences in the past. One of the key factors in shaping their economic histories has been their different geographical locations, as their different locations have suited different industries at different time. For centuries, when the traditional fishery was the basis of the economy, the communities on the Bonavista Headland were much better located with respect to access to good fishing grounds than the communities on the Isthmus. Compared to the Isthmus, the economy of the Bonavista Headland was booming

late in the nineteenth century. As the fishery declined and more emphasis was put on industrialization along with land transportation, headland locations became less important. This shift towards industrial projects and land transportation was the beginning of a better time for the Isthmus. Being relatively close to St. John's, on the TCH and with deep ice-free harbours, the Isthmus was a suitable location for large-scale industrial projects. Location has also been a key factor contributing to the prosperity of Clarenville. The tendency now seems to be that a few regional service centres are growing, Clarenville being one of them, but most other rural communities are either stagnant or declining.

The need to address economic development in a region like Newfoundland is urgent, particularly in the wake of the groundfish moratorium. In the last few years the government has been trying to move away from the top-down approaches of the past towards more bottom-up or locally driven development and the zone structure is a key element in this attempt. This new approach requires much more from the communities than before but how well-prepared they are to participate depends very much on their social and economic characteristics. Comparing the Isthmus and the Bonavista Headland, the former has a growing population, higher levels of education, higher average incomes and is less dependent on transfer payments. Whether and/or how the social and economic characteristics affect local attitudes towards and abilities to implement CED is addressed in Chapter 5. The next chapter, however, describes the research design for the thesis.

# Chapter 4

## Research design

### 4.1 Introduction

Virtually all empirical social research involves comparison of some sort. Researchers compare cases to each other; they use statistical methods to construct (and adjust) quantitative comparisons; they compare cases to theoretically derived pure cases; and they compare cases' values on relevant variables to average values in order to assess covariation. Comparison provides a basis for making statements about empirical regularities and for evaluating and interpreting cases relative to substantive and theoretical criteria. In this broad sense, comparison is central to empirical social science as it is practiced today (Ragin, 1987:1).

In 1997 Smith completed a study on perceptions and practices relating to CED on the Bonavista Headland, Newfoundland by comparing the local attitudes to a normative model of successful CED. In his conclusions, Smith raises a number of questions about both the results of his study and about the normative model. One call was for a comparative study to further explore attitudes towards CED in Newfoundland and how to further determine the applicability of the normative model. This thesis takes up these suggestions. The objective of the thesis is to look at attitudes towards CED in a different area, the Isthmus of Avalon, to compare the results to Smith's research, and to discuss the implications of the findings for the study areas and for the normative model. The purpose of this chapter is to introduce the research methods used in the study -- the research design, the data collection, and the methods analysis. First, however, a brief overview of the study areas.

## **4.2 The study areas**

The two regions under consideration are the Bonavista Headland and the Isthmus of Avalon. Smith's main reason for choosing the Bonavista Headland was that it is a traditional fishing area which was hit hard by the cod moratorium in 1992 and, as such, the need to respond to a dramatically changed economic situation was great.

Traditionally, economic development has primarily involved top-down approaches. However, as CED had been gaining much attention in the literature as an alternative development strategy, it was interesting to see whether that kind of approach was being considered as a possible coping strategy on the Bonavista Headland.

The situation on the Isthmus is quite different. The economy of the area has for the past three decades been much more dependent on large-scale industry and therefore the area was not as greatly affected by the groundfish moratorium as the Bonavista Headland.

Because of the nature of the industrial projects, however, the Isthmus has experienced a series of economic booms and busts. By choosing these particular regions it is possible to compare the attitudes towards CED in two areas which are geographically close to each other, but which have very different economic histories and economic experiences.

Seven communities were selected to represent the Bonavista Headland (see Figure 3.1). Even though they are all dependent on the fishery they can be divided into three groups based on the nature of the economy and on population size. The town of Bonavista is by far the largest community on the Headland and acts as a regional service centre. The basis of its economy is the inshore groundfish fishery together with a seasonal crab processing plant. Prior to the moratorium, Port Union, Catalina and Little

Catalina were all heavily involved with the offshore fishery, with the FPI fish plant in Port Union being the main employer. These communities make up the second group and will from now on be referred to as the Catalina area. Duntara, Keels and King's Cove make up the third group of communities, referred to as the King's Cove area. These are all small communities with less than 200 residents and the inshore fishery has been the main activity there.

Eight communities were selected on the Isthmus (see Figure 3.1). In the southern part are the communities of Norman's Cove-Long Cove, Chapel Arm and Long Harbour which will be referred to as the Long Harbour area. Before 1989 the phosphorus reduction plant in Long Harbour was the main employer, but since the plant closed down the area has experienced economic downturn. Arnold's Cove, Come By Chance, Sunnyside and Southern Harbour make up the second group of communities on the Isthmus, and will be referred to as the Come By Chance area. Most of the large industrial projects on the Isthmus have taken place in the vicinity of these communities. The fishery also adds significantly to the economy of the area with the National Sea Products plant in Arnold's Cove. The final "group" consists of only one community, Clarenville. Even though Clarenville is not geographically on the Isthmus, the town can be considered to belong to the region from an economic perspective. It is the largest community in the area and the regional service centre.

### **4.3 Research design**

The data for the Bonavista Headland had already been collected and analyzed by Smith (1997) before the research for this thesis was undertaken. In order to produce a comparable set of data for the Isthmus area a similar approach to that of Smith was adopted. Hence, the sampling techniques, the research instruments and the methods of analysis are essentially the same, although some adjustments had to be made with respect to the questions asked due to the differences between the two areas. As this study is based on comparative research, the remainder of this chapter not only discusses the data collection and analysis for the Isthmus, but also provides relevant information for the Bonavista Headland. The differences between the Isthmus study and the Bonavista study are outlined and the method of comparing the two regions described.

#### **4.3.1 The sample**

The research was directed towards community leaders -- those who are most involved with development and most likely to influence the development process. These key development players (KDPs) include local politicians, business persons, development workers, and community volunteers. Although directing the survey towards community leaders was considered an appropriate approach in this case, it should be noted that certain methodological problems were anticipated. The KDPs would be expected to know more about CED than the general public and, therefore, the results do not necessarily reflect the "common" view in the areas. Also, there is a danger of "trained" responses based on

what the informants have heard about CED but which they do not necessarily believe. Finally, in some cases the KDPs might be too close to the subject, for example, when talking about leadership ability since the informants themselves are the community leaders. Despite this, the KDPs are the people most likely to lead development in the areas and as such this group was determined to best serve the purpose of this thesis.

Smith (1997) used a “snowball” sampling technique to identify participants and the same method was adopted for the Isthmus. The technique involves compiling a list of respondents and then asking them to identify other potential informants. This second group is then contacted and the procedure continues until people are only naming persons who are already in the sample (Sheskin, 1985:48). The snowball sampling technique is appropriate in research of this type since community development is usually a group activity and it is very unlikely that some individuals in a community could undertake something like this without others knowing about it. Smith also notes that the communities in the study are small and in such cases “everybody knows everybody else’s business.” It is therefore unlikely that someone involved in development initiatives would be “missed” from the sample.

On the Isthmus, the snowball sampling technique worked better in some communities than in others. In those communities which are “active”, in the sense that a lot of things are going on, informants found it easy to identify a number of community leaders or people with influence. In other communities which were more “dormant”, the KDPs identified were generally limited to the mayor, one or two people involved with the local development association and perhaps one business person. This is not necessarily

suggesting that the leadership is missing in these communities, but that the leaders were fewer in number and are clearly not as visible as in the more active communities. These “less” active communities were usually the smaller ones in the area and therefore they may be expected to have fewer people involved.

An unanticipated problem which slowed down the identification of the sample, and therefore the data collection, was that municipal elections were taking place at the same time as the sample was being selected and some informants were reluctant to identify community leaders until it was clear who would be on the new town council.

The original list for the Isthmus included between 20 and 30 individuals, mainly people who were involved with the economic zone board, along with mayors and town clerks. Through the snowballing process, 74 individuals were identified of whom 72 agreed to participate in the study. Nevertheless, five individuals failed to complete the questionnaire and therefore the total number of respondents from the Isthmus is 67. Table 4.1 shows how they are divided between areas. Based on Smith (1997), the same information for the Bonavista Headland study is also provided.

**Table 4.1 Breakdown of data sample by community on the Isthmus and the Bonavista Headland.**

<b>Isthmus:</b>	
Clareville	25
Come By Chance area	26
Long Harbour area	16
Total	67

<b>Bonavista Headland:</b>	
Bonavista	27
Catalina area	27
King's Cove area	15
Total	71 <sup>a</sup>

Being involved in many activities was one of the characteristics of the sample. Most people involved in community development “wear more than one hat” and are hardly ever involved in only one thing. For example, in one Isthmus community one respondent was a business man who was also on the town council and involved with local volunteer associations. Another characteristic was the length of time the informants had lived in the area. On average, the informants on the Isthmus had lived in their community for 25 years. Over 60 per cent of the sample had been there longer than 20 years and approximately 35 per cent had been there longer than 30 years. This characteristic of long-time residence in the area is even stronger on the Bonavista Headland where the informants had, on average, lived in the area for 36 years. Over 80 per cent of the sample had been there over 20 years, and almost 70 per cent of the sample had lived on the Bonavista Headland for more than 30 years.

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<sup>a</sup> The reason for the total of 71 but not 69 (as is the sum from the three areas) is because two respondents were drawn from outside the study area. These were development workers living in Clareville but working on development projects throughout the Bonavista Peninsula. These respondents were included in the overall regional analysis but omitted from the community comparison (Smith, 1997:168).

With respect to levels of education, the two samples are somewhat different. Only 4.6 per cent of informants on the Isthmus have less than high school diploma compared to 20 per cent of the sample from the Bonavista Headland. Just over 75 per cent of respondents on the Isthmus and 45 per cent on the Bonavista Headland have either some college/some university education or are university graduates.

### **4.3.2 The research instruments**

#### *4.3.2.1 The questionnaire*

Two research instruments were used to examine perceptions and practices of CED in this study; a self-administered questionnaire and a personal interview. The five main factors of CED and the sub-themes identified in the normative model of successful community development discussed in Chapter 2 set the frame for the design of the questionnaire. The aim with the questionnaire was to explore the attitudes towards as many of these five factors as possible.

The underlying assumption is that “a person’s attitudes serve as a predisposition to behave in a certain way” (Smith, 1997:163). Whether or not attitudes will predict behavior has been debated within the social sciences for a long time. After a literature review Smith concluded that in a study like the one undertaken on the Bonavista Headland (and therefore like the one done on the Isthmus) the assumption of the relationship between attitude and behavior is a valid one. He supports this by pointing out a number of factors which have been found to influence the strengths of the attitude-

behavior link. For example, people with *direct experience* and a *vested interest* in the issues being examined demonstrate high attitude-behavior link; studies directed at *specific* attitudes shows a stronger attitude-behavior link than studies directed at more general attitudes; and *accessibility* of the attitude is also considered to strengthen the link between attitude and behavior. Accessibility has to do with the fact that the more a subject thinks about a particular attitude, the more likely it is to come to mind again and influence their behavior (Smith, 1997:166).

The respondents on the Bonavista Headland and on the Isthmus appear to fit these characteristics of enhanced attitude-behavior correlation: the research is directed towards those most involved with CED; many of the attitudes being assessed are quite specific and should translate to equally specific actions; and “the nature of community development as an assumedly pre-conceived and planned process rather than an instantaneous or spontaneous act would suggest that the attitudes being assessed would be reasonably *accessible*” (Smith, 1997:167). Therefore Smith (1997:168) concludes that:

the attitudes of community leaders towards community development should serve as a reasonable indicator of the approach to development which these communities have adopted, and will be likely to practice.

The questionnaire was composed mainly of close-ended questions. Responses were given on a rating scale, predominantly using a seven point Likert scale ranging from “strongly agree” to “strongly disagree.” Question A4, which asks about job creation, can serve as an example.

**Table 4.2 Question A4**

The government should be responsible for creating jobs where needed.						
Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

In a few cases a scale of importance response format was considered more appropriate, for example when asking about particular development initiatives (Question A18).

**Table 4.3 Question A18**

How important is it to have an economic development plan for this community?						
Not at all Important			Somewhat Important			Extremely Important
1	2	3	4	5	6	7

For the sake of the comparison an attempt was made to use the same questions in the study on the Isthmus as Smith had used on the Bonavista Headland. However, due to the different nature of the economies of these two regions some questions from the Bonavista Headland survey were not as relevant on the Isthmus and others more appropriate were included in the questionnaire. For example, because the Bonavista Headland was hard hit by the 1992 groundfish moratorium, it made sense to ask about the importance of training under the TAGS program there (Question C4 in the Bonavista Headland survey).

**Table 4.4 Question C4**

How important are the training programs offered under TAGS for the development of this community?							
Not at all Important				Somewhat Important			Extremely Important
1	2	3	4	5	6	7	

However, even though the communities on the Isthmus did feel impacts from the moratorium it was not as significant as on the Bonavista Headland and therefore the same question was judged to be less appropriate there. Instead a more general question about training was substituted in the survey (Question A17).

**Table 4.5 Question A17**

How important is skills training and upgrading of local people to development in this community?							
Not at all Important				Somewhat Important			Extremely Important
1	2	3	4	5	6	7	

Even though the Bonavista Headland survey was pre-tested, some of the questions proved to be ambiguous and the results reflected respondents' misinterpretations. As a result, some modifications were made to similar questions adopted in the Isthmus survey. Examples are questions A9 and A10 in the Bonavista Headland survey.

**Table 4.6 Question A9**

How important are environmental issues in community development?							
Not at all Important				Somewhat Important			Extremely Important
1	2	3	4	5	6	7	

**Table 4.7 Question A10**

How important are social issues in community development?						
Not at all Important			Somewhat Important			Extremely Important
1	2	3	4	5	6	7

While these questions ask about the importance of environmental and social issues, no attempt is made to address the *relative* importance of these issues compared to economic issues. The observed importance of these issues may therefore have been more than is actually true, or as Smith (1997:262) suggests: "it was perhaps too easy to state their importance without fully considering the potential economic tradeoffs." To address this problem, respondents on the Isthmus were asked to indicate the importance of the issues in relation to each other (Question A19). The results discussion in Chapter 5 addresses this matter further and explains the adjustments made in other cases.

**Table 4.8 Question A19**

How important are the following issues in relation to each other in community development? (please allocate the percent of importance for each with the total to be 100%)	
economic issues	_____
environmental issues	_____
social issues	_____
Total	100% importance

The questionnaire survey on the Isthmus took place in September and October of 1997. Potential informants were contacted and asked to participate. Upon agreement a date was set when the questionnaire could be dropped off. Respondents were given a few days to complete the survey which was then personally collected by the researcher. The reason for dropping off and picking up the survey instead of using the mail was to get as many responses back as quickly as possible. This approach worked quite well as it usually took less than a week to get the questionnaire back and only five surveys of the 72 handed out were not completed.

#### *4.3.2.2 The personal interview*

The questionnaire provided a great deal of quantitative information about attitudes towards development. However there is always the danger of attitude statements becoming motherhood statements. To get beyond that, to gain more in-depth information, to explore some of the issues from the questionnaire in more detail, and to get a better “feeling” for the area, follow-up interviews were used to supplement the questionnaire.

At the end of the questionnaire, respondents were asked whether they would be willing to participate in an interview and from those who agreed 21 interviewees were selected. The selection was based on an individual's experience with development and the kind of specific knowledge they could provide. Seven of the eight mayors were interviewed, as well as representatives from both the Regional Development Associations in the area, representatives from the two Chambers of Commerce in the region, and from the Discovery Regional Development Board. Other informants were development workers, union leaders, business people and members of volunteer groups.

The interviews were conducted in November of 1997. They took place either at people's homes or work place and lasted from half an hour to two hours. With permission of the informants the interviews were tape recorded and then transcribed afterwards. The interviews were semi-structured using open-ended questions. Smith (1997) provides a list of potential topics used in the Bonavista Headland survey which served as a guideline when choosing questions. The topics can be divided into four main categories:

*past development*: questions about impacts from the industrial projects and impacts of the moratorium, and how the communities had responded;

*current development*: questions about initiatives or projects taking place now, where the initiative came from and who was involved;

*development environment*: issues like development planning, public involvement, leadership, co-operation, and the role of the zone board;

*outlook for the future*: respondents were asked about their vision for the future, as well as the main constraints and opportunities their communities face in terms of development.

An attempt was made to address all these topics in the interviews; however, each interview developed in its own way based on the specific knowledge of the interviewees. Therefore the weight given to each topic, as well as the kind of other issues discussed, varied among interviews.

#### **4.4 The analysis**

The three main objectives of this thesis, as set out in the introduction, are:

- to see whether and how the principles of CED, as identified in Smith's normative model of successful CED, are recognized by and adopted by people on the Isthmus of Avalon;
- to compare the findings to the results of the Bonavista Headland study; and
- to use the comparison to discuss the normative model, the prospects for CED in the two areas and, the implications for the zone process.

To address these objectives, information from the published literature, the questionnaire and the personal interviews were used. The analysis of the quantitative data collected from the questionnaires can be divided into three parts; a regional analysis of the Isthmus as a whole, a community analysis for the Isthmus, and comparison of the results from the Isthmus and from the Bonavista Headland. Qualitative data from the literature and interviews are interwoven into the discussion of the results from the survey to further support and clarify the findings.

#### 4.4.1 Regional analysis

The regional analysis primarily involves descriptive statistics based on frequency distributions for each variable. In most cases the raw data are on a seven point scale. The original reason for using seven categories was to increase the variance and therefore provide greater flexibility in the analysis. This is particularly important for the comparison of the regions which will be discussed later. A greater number of categories also increases the reliability of the responses (Mueller, 1986). However, the main purpose of the regional analysis is to explore the general trend of attitudes towards CED on the Isthmus, i.e. whether or not the KDPs agree with the statements/questions, but not to find out how much they agree/disagree. Because of that, and because fewer categories make the *presentation* of the data clearer, the seven "agreement" categories were collapsed into three. Those who strongly disagree, moderately disagree and slightly disagree are all reported under *disagree*; strongly agree, moderately agree and slightly agree are collapsed into *agree*; and the third group, *indifferent*, are those who neither agree nor disagree. The outcome is then presented as a percent of responses (Question C1).

**Table 4.9 Question C1**

People here feel there is no future for them in this community.			
	Disagree	Indifferent	Agree
Isthmus	43.9%	9.1%	47.0%

#### 4.4.2 Community analysis

A decision tree analysis is used to identify community differences, that is to see whether attitudes vary among communities within the study areas. Decision tree analysis involves examining the relationship between the field in the data set in which the researcher is interested (referred to as the dependent variable) and the other variables in the data set. More precisely, decision tree analysis “recursively partitions a data set into mutually exclusive, exhaustive subsets which best describe the dependent (response) variable” (Biggs *et.al* 1991:49). The subsets created are often referred to as nodes and each node can be further explored to uncover variations within it by successively disaggregating the data until no more significant splits are found.

In the case of measuring the significance of community differences for this particular study, the advantage of decision tree analysis over other more commonly applied multivariate techniques such as ANOVA and MANOVA is that decision trees are strictly nonparametric. Decision trees, moreover, do not require assumptions regarding the distributions of the input data, they allow for missing values and they can handle both numeric and categorical inputs in a natural fashion (Friedl and Brodley, 1997:400). A further advantage is that decision tree analysis can be used with confidence on small datasets without detecting “spurious relationships between the response and predictor variables more often than the specified Type I error rate  $\alpha^9$ ” (Biggs *et al.*, 1991:61).

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<sup>9</sup> A Type I error in statistical testing is committed when a decision is made to reject a null hypothesis which is actually true. The probability of committing a Type I error is  $\alpha$  (Barber, 1988). In the case of this thesis the null hypothesis is that no community difference exists (no relationship between community and attitudes).

Different decision tree methods use different ways of splitting the data set or selecting the variables which best describe the dependent variable (Reddy and Bonham-Carter, 1991:195). The particular method Smith (1997) uses, and which is adopted in this thesis, uses significance levels, calculated by chi-square testing, to evaluate how well variables split the data set. The higher the level of significance of a particular split, the better the variable used in that split can predict or describe the dependent variable under consideration. This means that the higher the significance level, the more confident the researcher can be that the differences between the subsets created by the split are real.

In the case of the Isthmus and the Bonavista Headland, "community" is the dependent variable and the decision tree analysis is used to isolate the variables which are most statistically significant in predicting community membership. More precisely, the method is used to look for "characteristics of development which are perceived differently between communities" (Smith, 1997:183-184). As noted above the tree can be "grown" until no further significant splits are found; however, for the purpose of this thesis, only the first splits are considered and no attempt is made to explore variations within each node below the original node. The splits are considered significant if it is 95 per cent or more certain that the results are not spurious ( $p \leq 0.05$ ); that is the difference between communities is not occurring merely by chance.

Using seven categories would have created a larger number of splits based on a very small number of cases, perhaps only one or two individuals (Smith, 1997:184). Therefore, as done in the regional analysis, the seven point Likert scale data were

collapsed into three categories, “agree”, “disagree” and “indifferent” in the group comparison.

Smith used a weighting method in the community analysis on the Bonavista Headland arguing that to “equally compare the attitudes of one community to another, they must have the same potential to influence the decision tree” (Smith, 1997:185). The weighting was to make sure that larger communities would not unduly influence the results. For the sake of comparability the same procedure was used for the Isthmus data.

Nine significant splits were found for communities on the Isthmus. The results are presented in contingency tables like the one for Question C12.

**Table 4.10 Question C12**

People here are willing to volunteer their time to community development projects.			
Isthmus	Disagree	Indifferent	Agree
Clareville	4.0%	8.0%	88.8%
Come By Chance Area	23.1%	7.7%	69.2%
Long Harbour Area	43.8%	6.2%	50.0%

$p = 0.025$

The values presented are row percentages indicating what percent of respondents from a particular area agreed, disagreed or was indifferent. The “p” below each table indicates the confidence level of the decision tree analysis or the error associated with each identified relationship (in 2.5 cases out of 100 the difference between the groups is not real).

#### **4.4.3 Comparison between the Isthmus and the Bonavista Headland**

To compare the responses from the Isthmus and the Bonavista Headland two-sample t-tests for independently drawn samples were carried out for the variables which exist in both of the surveys. Strictly speaking the t-test requires data to be at least on an interval scale and responses on the Likert scale are really only on ordinal level. There is a long-standing debate on whether ordinal data can be treated as interval data in cases like these. Generally speaking, ordinal data can be rank ordered without any indications of the actual difference between responses. It is, however, sometimes argued that measures which are technically ordinal measures may actually “lie in a region somewhere in between ordinal and interval level measurement” (Fife-Schaw, 1995:47). Fife-Schaw (1995:47-48) uses a seven-point response scale for an attitude item as an example to illustrate this point:

At one level this [seven-point scale] allows you to rank order people relative to their agreement with the statement. It is also likely that a two-point difference in scores for two individuals reflects more of a difference than if they had only differed by one point. The possibility that you might be able to rank order the magnitude of *difference*, while not implying interval level measurement, suggests that the measure contains more than merely information on how to rank order respondents.

It is acknowledged that manipulation of ordinal data as if they were on a interval level, for example by calculating the mean and performing parametric tests such as t-test, does “violate some mathematical assumptions ... [however] this is quite common practice in the social and behavioral sciences” (Sirkin, 1995:68). The justification for this has both to do with the above argument that some ordinal data actually allow for more than merely rank ordering the responses, and the view that some authors hold which states that “most of the time, providing you have a good quality ordinal measure, you will arrive at

the same conclusions as you would have using more appropriate tests” (Fife-Schaw, 1995:47). The problem is that one does not know whether his/her results are the exception to this “rule”. If preferring to treat the data as if they were on interval level, Fife-Schaw (1995:48), based on Blalock (1988), recommends that the safest solution is:

to conduct analysis on ordinal measures using both parametric and non-parametric techniques where possible. Where both procedures lead you to the same substantive conclusion then, when reporting parametric test results you will at least know that you are not misleading anyone.

Because the t-test is commonly used to compare data sets like those used in this thesis, it was decided to adopt this method even though it is somewhat debatable. Bearing in mind Fife-Schaw’s suggestion of also using a non-parametric test to be sure the results are not misleading, a chi-square test was also performed. However, the chi-square test does have certain limitations. The general rule is that the expected frequency of each cell should not be less than 2, and no more than 20 per cent of the cells should have expected frequency less than 5 (Barber, 1988:339). Because of this, in only eight cases out of eighteen was it possible to do the test using the seven point response scale. Collapsing the scale into three categories (disagree, indifferent, and agree) as was done for the community analysis, allowed the test to be performed on six more questions. However, in four cases chi-square was not efficient to test the association between areas and attitudes as even collapsing the data did not result in high enough expected frequencies.

In the fourteen cases where the chi-square test did work the results were consistent with the results from the t-test. Therefore it is concluded that results from the t-test are

valid in this research and can be used to identify whether or not attitudes of KDPs on the Bonavista Headland and on the Isthmus differ significantly.

The comparison was done in SPSS 7.0 for Windows. The default output from SPSS shows “descriptive statistics for each group, the Levene test for equality of variances, *t* tests for both equal and unequal variances, and a 95 per cent confidence interval for the difference in means” (SPSS Inc. 1996:177). The *t*-value and the level of significance (indicated with *p*) are reported beneath the responses to the questions used in the comparison. More detailed information including, for example, the mean and standard deviation for each variable are provided in Appendix 3.

There are a few cases where statistical comparisons using the *t*-test are not possible, either because the questions used in the surveys were not identical or because the particular issue was not in both surveys. The results from these questions are, however, included in the discussion as they are important in creating the overall picture of the attitudes towards CED in the areas, even though they do not contribute to the direct comparison part of the thesis.

In the next chapter the results from the questionnaires and the interviews in the two study areas are presented and compared.

# Chapter 5

## Results

### 5.1 Introduction

Chapter 2 introduced a normative model of successful CED where five main principles or success factors were identified. Information on how these factors have been recognized on the Bonavista Headland was collected and presented by Smith (1997). A similar set of data for the Isthmus of Avalon is presented here and the two data are *compared* to determine to what extent key development players (KDPs) in these two regions have recognized and adopted CED as outlined in the normative model. While comparisons between the Bonavista Headland and the Isthmus is at the heart of the thesis, attention is also paid to community differences within each region as these can help to explain overall attitudes observed in the regions<sup>10</sup>.

The five main factors and the number of sub-themes of the normative CED model are not equally assessable in an attitude study such as this. Some elements were easily addressed in the questionnaire survey while others were better explored through the interviews. The following sections present the results for each of the five factors starting with entrepreneurial spirit (section 5.2), followed by local control (section 5.3), community support (section 5.4), planned process (section 5.5) and finally holistic approach (section 5.6).

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<sup>10</sup> Where reference is made to questions by number it is based on the Isthmus survey unless otherwise indicated. The survey formats for the Isthmus and the Bonavista Headland are included in Appendix 2.

## **5.2 Entrepreneurial spirit**

The theme of entrepreneurial spirit is probably best covered by the questionnaire surveys, particularly the sub-themes of positive attitudes and self-reliance. However, the importance of the interviews should not be underestimated. As the following sections will show, not only do the interviews help explain the results from the questionnaires, but also reveal differences which the questionnaire survey failed to uncover.

### **5.2.1 Positive attitude**

Newfoundlanders today are sceptical, negative, cynical or pessimistic about the future, for themselves and their society. Such negative attitudes have a dangerous tendency to become self-fulfilling. If people expect the worst, the worst is only too likely to happen (Royal Commission, 1986:33).

It can be argued that positive attitude is the foundation for the entrepreneurial spirit needed to drive CED. If people in a community do not believe in the future, or believe that they cannot make changes and accomplish what they want, community development is unlikely to get under way -- why bother to start something in which you have no faith? Assuming that positive attitudes are essential for CED then the above quote suggests that one of the key themes for successful community development may be missing in Newfoundland. This may be particularly true for those communities in rural Newfoundland which, for a long time, have been facing high unemployment rates and declining population.

### *5.2.1.1 Attitudes towards the future*

Smith's (1997) observations on the Bonavista Headland certainly support the view that attitudes towards the future tend to be very negative. As discussed in Chapter 3 the communities he studied were all heavily dependent on the groundfish fishery, a resource which has been depleted and which access to, at least for the time being, has been denied. As such, when the groundfish moratorium was announced, the area basically lost its economic base. At the time of Smith's research the fishery had been closed for three years and its return was not in sight. Also, all attempts to get someone to take over the vacant fish plants in the area had failed. With people assuming that the fishery was the only thing that could keep the area alive, and without any signs of recovery, the future did not look promising. The following reflect the negative attitudes towards the future which Smith (1997) observed in the area:

What this community needs is for the fishery to return. Nothing else will save this region (Volunteer, Bonavista. Smith, 1997:212).

Unless the fishery returns to what it was, this region will become nothing but a big retirement community -- no young person, no jobs ... just welfare and service sector workers (Business person, Catalina region. Smith, 1997:212).

With the future perceived to be so closely tied to the recovery of the fishery and without any indication as to when the fishery would be reopened, the negative attitudes evident on the Bonavista Headland should not be surprising. The pessimistic attitude observed on the Bonavista Headland becomes even more striking when compared to the Isthmus. In general, the KDPs on the Isthmus were optimistic about the future of their communities, they talked about the opportunities in the area and many believe that the

region is probably one of the best areas in Newfoundland in terms of its economic future.

The words of three respondents illustrate the overall optimism observed in the area:

With a little bit of fishery coming back, with the Transshipment (terminal), with the refinery and the Bull Arm site, this area should prosper, be very prosperous for the next number of years (Business person, Come By Chance area).

Our future can only be brighter, much, much brighter (Politician, Long Harbour area).

The future of Clarenville is just as bright as any town in this Province and far ahead of a lot (Politician, Clarenville).

These examples reflect the general attitudes observed and clearly indicate that the KDPs in the two areas look at the future in a very different way. Responses to question C1 stress this point further with 71 per cent of respondents from the Bonavista Headland thinking that people do not feel there is any future for them in their communities, as opposed to 47 per cent on the Isthmus (Table 5.1).

**Table 5.1 Attitudes towards the future (Question C1)**

People here feel there is no future for them in this community.			
	Disagree	Indifferent	Agree
Isthmus	43.9%	9.1%	47.0%
Bonavista Headland	21.7%	7.3%	71.0%

t-value = -3.48, p = 0.001<sup>11</sup> (significant)

<sup>11</sup> In the data presented here the seven-point response scale has been collapsed into three categories. However, the t-test to determine if there is a significant difference between areas is based on the raw seven-point responses. Appendix 3 presents more detailed results from the t-test.

For the Bonavista Headland, the results from the questionnaire survey are consistent with what was observed in the interviews. The results from the Isthmus are more surprising. Given the very positive attitude expressed in the interviews one would not expect 47 per cent of respondents to believe that people did not see any future for them in their communities. A number of factors help to explain the differences between the interview and questionnaire results. One is declining population. In spite of believing in a bright economic future, the KDPs on the Isthmus, just like the respondents on the Bonavista Headland, are very concerned about out-migration and particularly the out-migration of young people:

The challenge facing us is the providing of sustainable and productive employment of our youth and stopping out-migration as quickly as possible (Volunteer, Long Harbour area).

Comments like that were frequently made in the interviews. People are very much concerned that with the young people leaving, the future is leaving as well.

Looking at responses from communities on the Isthmus, rather than at the region as a whole, also helps to explain the differences between questionnaire and interview responses (Table 5.2).

**Table 5.2 Attitudes towards the future: community differences on the Isthmus (Question C1)**

<b>People here feel there is no future for them in this community.</b>			
	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>
<b>Clarendville</b>	<b>60.0%</b>	<b>16.0%</b>	<b>24.0%</b>
<b>Come By Chance Area</b>	<b>40.0%</b>	<b>4.0%</b>	<b>56.0%</b>
<b>Long Harbour Area</b>	<b>25.0%</b>	<b>6.2%</b>	<b>68.8%</b>

$p = 0.0165$

The economic health of the communities on the Isthmus varies considerably and attitudes towards the future reflect this. Clarendville is the most prosperous area within the Isthmus region and only 24 per cent of respondents from there do not believe in a future for people in the community. In the Come By Chance area, where the economy has been fairly stable, though not as diversified as in Clarendville, the attitude towards the future is more negative as 56 per cent of respondents do not place much hope in their future here. Compared to the other areas on the Isthmus, the Long Harbour area has been the worst off in terms of employment and out-migration for the past ten years. This is reflected in the attitudes, as almost 70 per cent of KDPs in that area do not think people see any future for themselves in their communities. The words of a business person when identifying the major constraints for development in this area say it all:

Lack of attitude  
 Lack of faith  
 Lack of vision  
 Lack of hope  
 (Business person, Long Harbour area)

This lack of belief in the future is much in line with what was discovered on the Bonavista Headland and the reason may very well be that the situation in the Long Harbour area is not so different from that facing the Bonavista Headland. The link between attitude towards the future and the current economic situation of the communities is quite apparent.

#### *5.2.1.2 Economic opportunities*

Closely related to positive attitudes towards the future is the perception of potential economic opportunities. The interviews on the Bonavista Headland revealed that many KDPs believe that for the region to survive the fishery has to return. It is interesting, therefore, to discover that according to the questionnaire results over half of respondents believe that the economy of their community could be based on something other than the fishery (Table 5.3).

**Table 5.3 Diverse economy (Question D2 Bonavista Headland survey)**

People here generally believe that this community's economy could be based on something other than the fishery.			
	Disagree	Indifferent	Agree
Bonavista Headland	38.0%	9.9%	52.1%

These results are not only inconsistent with information from the interviews but also contrary to the negative attitudes towards the future which 71 per cent of respondents expressed. Smith (1997) suggests that part of the explanation for this difference can be

that even though “residents may be able to envision a ‘new economy’ ... an even greater majority fail to see themselves as a part of the new economy” (Smith, 1997:214-215). But what does the new economy involve -- what types of businesses and industries do residents on the Bonavista Headland think that should be encouraged in the area?

Most respondents on the Headland were placing their hopes on tourism, which was by far the most commonly mentioned potential growth industry. This was not surprising considering that the preparations for the Cabot 500 celebrations were already under way at the time of the research. Other commonly identified industries were agriculture, alternative fisheries and various types of cottage manufacturing. This very much reflects what was already being promoted in the area. For example, berry-picking and dairy goat farming had been promoted as new agricultural opportunities. This also reflects the discussion on potential industries for Newfoundland as a whole. Tourism is generally considered a growth sector, the fishery has to diversify and consider underutilized species, and small-scale manufacturing is heavily emphasized.

As for the Isthmus, approximately half of respondents believe there are few economic opportunities in the area (Table 5.4). There are, however, significant differences between communities as 75 per cent of respondents from the Long Harbour area believe there are few economic opportunities for people living in that region as opposed to 36 per cent from Clarenville (Table 5.5). This is exactly the same pattern as revealed when asking about attitudes towards the future: KDPs from Clarenville reporting the most optimistic attitudes and those from the Long Harbour area the most negative.

**Table 5.4 Economic opportunities: Isthmus (Question C2)**

There are few economic opportunities for people who live in this community.			
	Disagree	Indifferent	Agree
Isthmus	46.3%	3.0%	50.7%

**Table 5.5 Economic opportunities: community differences on the Isthmus (Question C2)**

There are few economic opportunities for people who live in this community.			
	Disagree	Indifferent	Agree
Clarendville	60.0%	4.0%	36.0%
Come By Chance Area	50.0%	0.0%	50.0%
Long Harbour Area	18.8%	6.2%	75.0%

$p = 0.0237$

Both attitudes towards the future and responses about economic opportunities basically reflect current economic circumstances of the areas. The Long Harbour area has been looking for opportunities to replace the jobs lost when the Albright & Wilson phosphorous reduction plant closed down almost ten years ago, but with no success. People in the area are well aware of the attempts that have been made and the lack of success and that undoubtedly influences how they respond to the question -- they do not see many opportunities. Clarendville, on the other hand, has the most diversified and dynamic economy of the three areas and there is the sense that such an environment is more likely to provide additional opportunities.

Most KDPs in Clarendville and some in the Come By Chance area made very positive comments about the economic opportunities that exist in their regions. As on the

Bonavista Headland, the tourism industry is believed to offer opportunities on the Isthmus and particularly in Clarenville. The town already has several restaurants and hotels to service tourists using the Terra Nova National Park and White Hills ski resort, and it is the gateway to the Bonavista Peninsula. As such, year-round tourism is seen as a possibility for Clarenville.

Information technology is another sector with potential opportunities for Clarenville. The town used to have a Telecentre where people could come in and become familiar with this new technology. The centre has been closed down but the town still has a Telematics Strategy which has the mandate of building community awareness and developing IT skills in the region. Furthermore, Keyin Technical College has a campus in Clarenville and offers courses in IT. This has all contributed to increasing the knowledge of opportunities that the IT sector offers and there are already a few small IT businesses operating in Clarenville and nearby communities.

As for the other areas on the Isthmus, KDPs recognize that the new communications technologies may offer opportunities:

For a lot of businesses it doesn't matter where you are any more, you can link via the internet and I think there are possibilities there (Development worker, Come By Chance area).

With computers you can have anything here, distance means nothing (Volunteer, Come By Chance area).

How realistic these views are is perhaps questionable, but a positive attitude and evidence of some success in Clarenville could encourage growth in this sector.

Even though the oil refinery in Come By Chance was constructed in the 1970s, the oil industry can be considered one of the newer industries in Newfoundland. People on the Isthmus are already familiar with the opportunities that it can bring. As described in Chapter 3, the construction of the Hibernia platform took place in the area followed by construction of the Transshipment terminal at Whiffen Head. Furthermore, some construction for the Terra Nova production vessel is taking place in the region. The KDPs on the Isthmus, and particularly in the Come By Chance area, are hoping that opportunities related to the oil industry are something which can be further promoted. Also, it is hoped that the industries that are already in place, oil related and others, can offer future opportunities for spin-offs. In the words of a politician from the Come By Chance area:

With this fish plant operating pretty well year round and the refinery next door operating pretty much at its capacity, and with the Whiffen Head Transshipment terminal coming on stream, there has got to be a lot of opportunities for local businesses ... to get some spin-off industries and businesses going (Politician, Come By Chance area)

One aspect of the issue concerning economic opportunities is whether local people recognize that they exist, that they are willing to act on them and that there is a reasonable chance of success. Responses to question C4 and C5 indicate very positive attitudes in some respects as the KDPs on the Isthmus strongly believe local people can start new businesses (89.4 per cent - Table 5.6) and that businesses can succeed in the area (89.5 per cent - Table 5.7). It is worth noting that in spite of Clarenville having a more diversified

and dynamic economy than the other two areas, the decision tree analysis did not reveal any significant differences between communities for questions C4 and C5.

**Table 5.6 New local businesses: Isthmus (Question C4)**

Local people can start new businesses.			
	Disagree	Indifferent	Agree
Isthmus	6.1%	4.5%	89.4%

**Table 5.7 Businesses can succeed: Isthmus (Question C5)**

Businesses can succeed in this community.			
	Disagree	Indifferent	Agree
Isthmus	7.5%	3.0%	89.5%

Believing that local people can start new businesses and succeed is, however, not enough if there is a lack of people willing to take advantage of the opportunities that may exist as the following quotation suggests:

Over the last eight or nine months I have come across probably a dozen quality business opportunities that are needed in the area to support the tourism industry... and I have been putting these ideas to people but no one is taking them up. I don't know if they just don't believe in tourism or what it is, but no one is taking the initiative (Development worker, Clarenville).

This suggests that there may be an issue of a difference between views of what could be done *by others* and a willingness to actually do it.

As will be discussed under the concept of self-reliance, economic development efforts have often been oriented towards making communities more attractive to outside

businesses. It is therefore interesting to see how attractive to businesses the KDPs consider their communities (Table 5.8).

**Table 5.8 Businesses setting up: Isthmus (Question C6)**

Businesses are not interested in setting up in this community.			
	Disagree	Indifferent	Agree
Isthmus	47.8%	11.9%	40.3%

As much as people believe that businesses can succeed, they are a little more uncertain whether businesses are interested in coming to the area. Closer examination of the answers shows that there are differences among communities (Table 5.9).

**Table 5.9 Businesses setting up: community differences on the Isthmus (Question C6)**

Businesses are not interested in setting up in this community.			
	Disagree	Indifferent	Agree
Clareville	76.0%	4.0%	20.0%
Come By Chance Area	30.8%	23.1%	46.2%
Long Harbour Area	31.2%	6.2%	62.5%

$p = 0.0012$

Again the results follow the same pattern as for the questions on attitude towards the future (question C1, Table 5.1) and about whether or not there are economic opportunities in the communities (question C2, Table 5.4). The respondents from Clareville have most confidence in their area as only 20 per cent believe that businesses are not interested in setting up in the area. Furthermore, many of the KDPs from Clareville consider the

town to have a very entrepreneurial spirit which makes it more attractive to outside businesses:

When somebody comes in and wants to set up a new business I think that they sense that spirit -- that things can happen here (Politician, Clarendville).

These results support the argument that positive attitude and economic situation are linked. The overall attitude on the Bonavista Headland, both towards the *future* and towards the *economy* of the area, is more pessimistic than on the Isthmus. In the cases where there are differences within the Isthmus, more positive attitudes are always reported in Clarendville, which is economically the best off, while attitudes of KDPs from the Long Harbour area tend to be most negative.

#### 5.2.1.3 Attitudes towards CED

When it comes to attitudes towards the *development process* (question C3, Table 5.10) the t-test does not indicate any significant difference between the Bonavista Headland and the Isthmus, and the decision tree analysis does not show any community differences within the regions.

**Table 5.10 Faith in CED (Question C3)**

People here generally do not place much faith in the idea of community development.			
	Disagree	Indifferent	Agree
Isthmus	35.8%	13.4%	50.7%
Bonavista Headland	23.9%	16.9%	59.2%

t-value = -1.32, p = 0.189 (not significant)

It appears that the majority of respondents in both areas do *not* think that people place much faith in community development. This is a fundamental question since people are very unlikely to undertake something or support something they do not believe in. There can be a number of reasons why they do not have more faith in community development. Some people may lack a vision for the future and because of that they do not believe their community can develop. Some may be too focused on bad experiences and lack of success in the past, and some may lack the knowledge about what community development is all about and how it is supposed to work. Whatever the reason is, the point remains that if faith in and understanding about of the development process is missing, it significantly decreases the chances that it will be carried out successfully.

Another point to keep in mind is that the “new economic development” in Newfoundland, in which the economic zones play a key role, is based on the underlying ideas of CED. If people do not believe in those ideas it will make it harder for the zone boards to succeed. The interviews on the Isthmus revealed mixed feelings towards the zone approach. Most people were fairly positive and open minded about it but a few KDPs expressed strong skepticism about the approach:

This regional board is nosy people that sit around the table and want to know what is going on in the region ... this is never going to work (Politician, Clarenville).

Those who are involved with the Board, however, are aware of skeptical attitudes towards the process and most of them see it to be related to bad development experiences in the past:

There have been exercises in the past and people see this as a representation of the past, they think it is the same old story. And the same old story did not bring any results in the past so why should we [the zone board] be any different? (Development worker, Clarendville).

However, the majority of KDPs seem to believe that once the Board has proven itself and has something to show for its work, attitudes toward it may change and it may get more support:

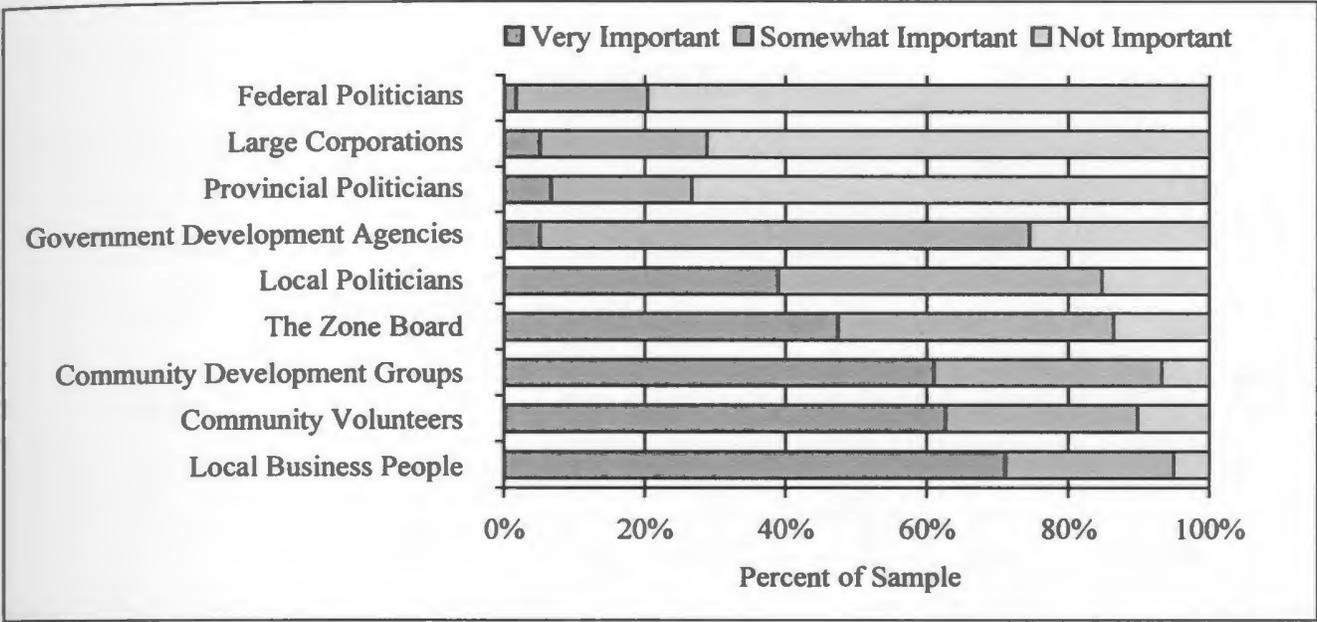
I get the impression that if the zonal board could do something, if something was actually implemented and some jobs created I think then that will prove that this system is working and then they will have more faith in it (Development worker, Come By Chance area)

The issue of lack of faith in CED and the consequent impacts it may have on the zone approach will be addressed again in Chapter 6.

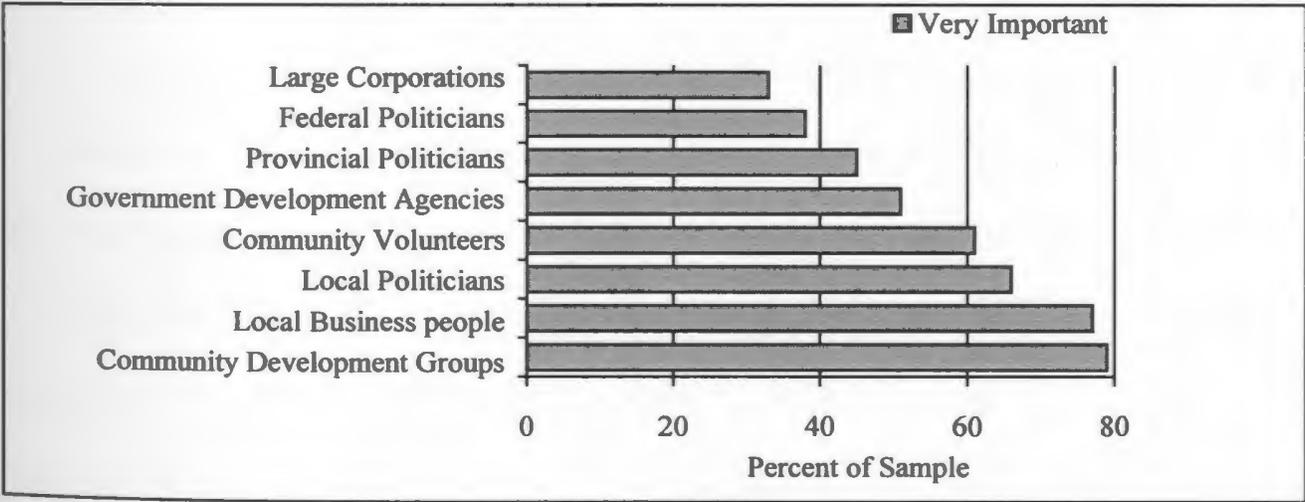
### **5.2.2 Self-reliance**

The previous section argued that positive attitudes towards the future are the starting point for development -- people have to believe that there is a future for their community, otherwise they are unlikely to bother doing anything. Positive attitudes are also about local people having confidence in themselves and believing that they can accomplish what they want to do. This leads to another central theme of CED -- self-reliance. As discussed in Chapter 2, self-reliance in CED is about decreasing the dependency on senior levels of government or other outside groups; it is about communities relying on themselves for ideas, resources and initiatives.

The questions used to explore this issue were not exactly the same in both surveys. On the Bonavista Headland respondents were asked to use a Likert scale to indicate the importance of the role of individual groups in the development process. Respondents therefore had the opportunity to deem all the groups very important without indicating the relative importance of each group. On the Isthmus, however, the KDPs were asked to rank groups based on how influential they were perceived to be in the development process. As such the relative importance of the different groups becomes apparent. Two questions were used to explore this issue in the Bonavista Headland survey while they were combined into one question in the Isthmus survey. Differences in the questions mean that it is not possible to report the results for both areas in the same way, however, some comparisons are possible.



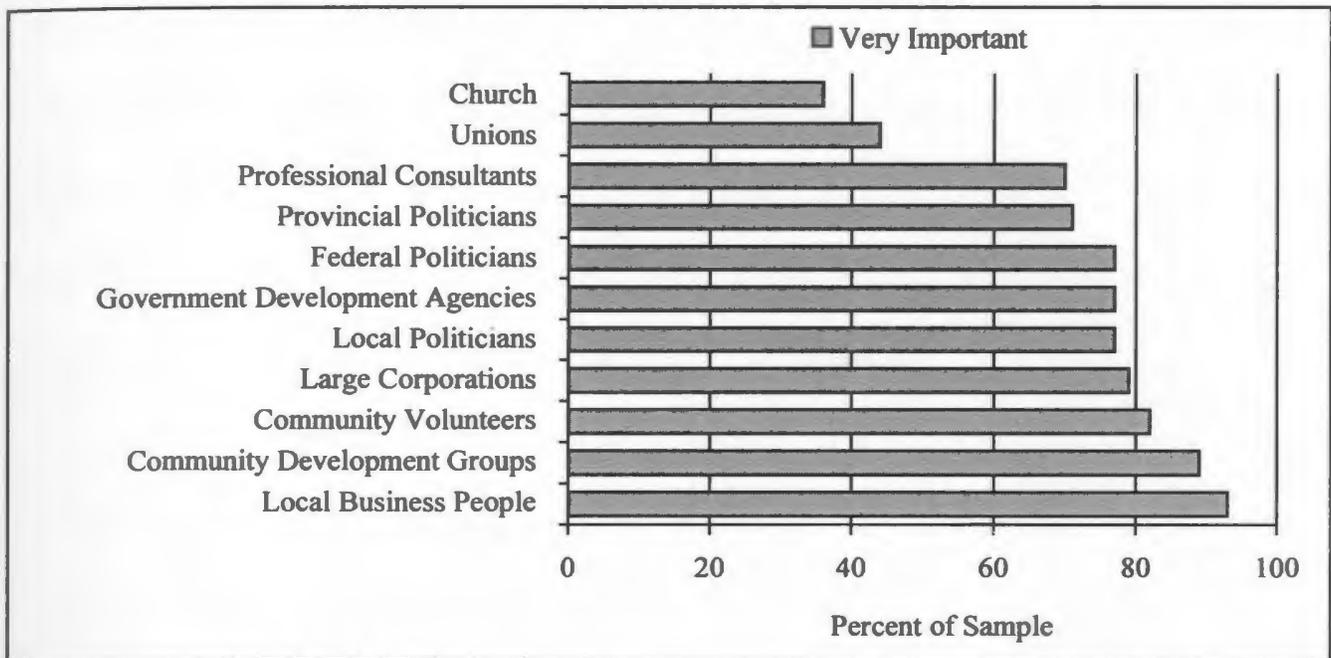
**Figure 5.1 Perceived importance of the roles of various sources in development on the Isthmus** (Question B1. Please rank the following in terms of importance with respect to who should set priorities and choose the strategy for development in this community.<sup>12</sup>)



Based on Smith (1997:194)

**Figure 5.2 Perceived importance of various sources of development control on the Bonavista Headland** (Question B2 Bonavista Headland survey. How important should the following be in controlling development activities in this community?)

<sup>12</sup> The most important was ranked as number one and the least important as number nine. To simplify the figure the data have been collapsed. Ranks one to three are considered Very Important, Somewhat Important includes ranks four to six and Not Important includes those groups ranked seven to nine.



Based on Smith (1997:195).

**Figure 5.3 Perceived importance of various sources of development initiative on the Bonavista Headland** (Question B3 Bonavista Headland survey. How important should the following be in generating ideas and starting development activities in this community?)

Figure 5.1 shows that the most important groups on the Isthmus are considered to be Local Business People, Volunteers, Community-Based Development groups, followed by the Zone Board and Local Politicians. The least important players are the “outsiders” -- Government Development Agencies, and particularly Provincial and Federal Politicians and Large Corporations. The results from the two questions used on the Bonavista Headland are similar (Figures 5.2 and 5.3). The local business sector, community based development groups and community volunteers are considered very important there and the least important are again external groups.

One of the key differences between top-down and bottom-up development approaches is in who makes decisions, where the initiative comes from and who is

responsible for development. It is clear that people on the Isthmus and on the Bonavista Headland want the initiative and control to come from local groups. This is an indication of support for bottom-up development. To explore this issue further a number of questions were posed concerning the use of development tools which are usually associated with top-down development.

#### *5.2.2.1 Traditional development tools*

The CED literature generally stresses that development based on making the community attractive to outside businesses does not increase the self-reliance of the community, but rather it can make it more dependent on outside forces. Questions A14 (Table 5.11), A15 (Table 5.12) and A16 (Table 5.13) addressed this issue by asking about three traditional development tools which are aimed at making the community more attractive to outside investment or businesses.

**Table 5.11 Development and infrastructure (Question A14)**

How important is it to invest money in improving infrastructure such as roads, water and sewer services to promote industrial development in this community?			
	Not important	Somewhat important	Important
Isthmus	9.0%	22.4%	68.6%
Bonavista Headland	4.2%	7.0%	88.8%

t-value = -2.77, p = 0.007 (significant)

**Table 5.12 Development and tax concessions (Question A15)**

How important do you think it is for local government to offer tax concessions to industries interested in establishing here?			
	Not important	Somewhat important	Important
Isthmus	16.4%	23.9%	59.7%
Bonavista Headland	4.2%	8.5%	87.3%

t-value = -5.09, p = 0.000 (significant)

**Table 5.13 Development and information package (Question A16)**

How important is it to produce an information package to help attract outside investment into this community?			
	Not important	Somewhat important	Important
Isthmus	4.5%	6.1%	89.4%
Bonavista Headland	0.0%	2.8%	97.2%

t-value = -3.71, p = 0.000 (significant)

It could be argued that question A14 about infrastructure should not be used as an indicator of whether or not respondents favor top-down development directed towards attracting outside investment to a community. This kind of development also benefits local businesses and local residents and therefore it is not aimed solely at outside investors. Also, many communities do not see this as a part of economic development but rather as a part of social development. As such developing infrastructure does not *have* to be a top-down development tool, however, it has been *used* in that way in the past and therefore the question is included here.

In all three cases (questions A14-A16) the majority of respondents in both areas consider these traditional development tools very important. However, in all cases the t-

test indicates that there is a significant difference between the Bonavista Headland and the Isthmus -- KDPs on the Bonavista Headland are always *more* in favor of using these kinds of development tools.

Making the area attractive to outside businesses was a major issue on the Bonavista Headland at the time of the research as the main development priority was to find someone to occupy the fish plants in Port Union and Catalina. This is likely one of the reasons why KDPs on the Bonavista Headland report so much support for approaches aimed at attracting outside businesses. However, this alone cannot explain why there appears to be a difference between the two study areas since the search for the single large employer has also been an approach adopted on the Isthmus. For example, at the time of the data collection in this area emphasis was being put on finding a new occupant for the Bull Arm site and for a new user(s) of the industrial site in Long Harbour.

Of the three tools, using information packages in promoting the communities had most support, 89.4 per cent of respondents on the Isthmus supported that kind of initiative as did 97.2 per cent of respondents on the Bonavista Headland (Table 5.13). This is not surprising as producing an information package is a common practice, it can be done fairly easily and, compared to the other tools, inexpensively.

As for offering tax concessions to industries, 59.7 per cent of KDPs on the Isthmus supported this approach compared with 87.3 per cent on the Bonavista Headland (Table 5.12). Furthermore there is a significant difference between communities on the Isthmus, with over 80 per cent of respondents from the Long Harbour area deeming tax concessions important while only 46.2 per cent of KDPs in the Come By Chance area feel

that way (Table 5.14). The differences between regions and between communities are likely related to the *need* for industries. The Bonavista Headland and the Long Harbour area both show strong support for tax concessions and are similar in that both were desperately looking for industries which could provide much needed jobs. The KDPs are aware that if they want their area to be competitive with other potential industrial locations their only option may be to offer incentives such as tax concessions.

**Table 5.14 Development and tax concessions: community differences on the Isthmus (Question A15)**

How important do you think it is for local government to offer tax concessions to industries interested in establishing here?			
Isthmus	Not important	Somewhat important	Important
Clareville	12.0%	28.0%	60.0%
Come By Chance Area	30.8%	23.1%	46.2%
Long Harbour Area	0.0%	18.8%	81.2%

$p = 0.0159$

One might ask why the KDPs from the Come By Chance area do not show similar attitudes given that the Bull Arm site was not being used at the time of the study. The reason could be that the need for jobs was not as severe in that area as other industries were up and running. Furthermore, the Bull Arm site is on crown land outside of municipal boundaries and therefore there is no issue of local government offering tax incentives in relation to projects taking place at that site.

As outlined in Chapter 2, infrastructure has often been the heart and soul of development initiatives and the notion has often been that development would

automatically follow if the appropriate infrastructure was put in place. Improving infrastructure as a means of promoting industrial development is supported by 68.6 per cent of respondents on the Isthmus and 88.8 per cent on the Bonavista Headland (Table 5.11). The decision tree analysis did not indicate any difference among communities on either the Isthmus or the Bonavista Headland. However, promotion of the area and the importance of infrastructure were more frequently mentioned in responses from Clarendville than the other communities on the Isthmus when KDPs were asked what were the major challenges and issues in community development (Question D11).

### **Question D11**

<p><b>What are the major challenges and issues facing this community in terms of development?</b></p>
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Major challenge is to attract industry and business to the local area. Promoting the area will be the greatest task (Politician, Clarendville).

No promotion or incentives to attract business to town (Development worker, Clarendville).

Maintaining basic infrastructure already in place is very important (Business person, Clarendville).

To make the community even more attractive to developers. Develop a clean vibrant community and industries will want to become a part (Politician, Clarendville).

The same holds true for the interviews. Making the town attractive was more commonly mentioned by people from Clarendville than from the Long Harbour or Come By Chance areas:

We have also set up an environmental committee of the council to look at the improvement of the town but with the attracting of businesses in the background. Not only to make the town beautiful from an environmental point but to make it beautiful from the point of view that it will be an incentive for people to come here and do things (Politician, Clarendville).

If we create the infrastructure, the streets and the roads and make sure that it is a tidy town, economic development in a way of small businesses will be developed from it (Politician, Clarendville).

### 5.2.2.2 *Small business development*

Encouraging small business development is generally seen as a part of CED. In the discussion on entrepreneurial spirit in Chapter 2, small and new businesses were said to:

have a key role in job creation, innovation, and in maintaining real competition in the market place; they help to diversify and stabilise the local economy and local employment in that they are less likely to move away, being closely tied to their location, often because markets are local and because the owner is a local person (OECD, 1993:22).

To explore this issue people on the Isthmus were asked about their attitude towards that kind of development (Question A9, Table 5.15).

**Table 5.15 Small business development: Isthmus (Question A9)**

Emphasis on encouraging small business development (as opposed to large business development) is the appropriate approach to development in this community.			
	Disagree	Indifferent	Agree
Isthmus	17.9%	6.0%	76.1%

It is particularly interesting to see that in an area where large industrial projects have dominated for over three decades, almost 80 per cent of respondents consider small business development to be a more appropriate approach than large-scale industrial development. When asked what kind of businesses could be established in the

communities a number of people suggested home-based businesses like crafts, and bed and breakfast operations.

The responses to question A9 indicate considerable support for small business development across all communities. However, the information from the interviews suggests that there *are* different attitudes among communities. KDPs in Clarendville appear to be more supportive of small business development while the respondents in the smaller communities acknowledge the reality of jobs provided by big businesses in their community. Once again the nature of the economies of the communities seems to be playing a big role in how the KDPs responded. Clarendville itself has never been dependent on a single large industrial employer. The town's economy is more broadly based on smaller businesses and government services and it has benefited from its proximity to large projects nearby such as the Come By Chance oil refinery and Hibernia. The KDPs in Clarendville appear to have recognized that small business development may be the most realistic option for them:

We are not looking to big business, that has never been our intent. Now if someone comes here and wants to set up a hundred workers call centre we wouldn't say no to them, but we know that it is almost impossible for us to go out and attract Ford Motor Company to come here and manufacture cars. We know it is NOT impossible for us to attract a person who will come in here and set up a ten person technology website centre or something of that nature (Politician, Clarendville).

This may be the attitude in Clarendville, but when asking people from the other two areas on the Isthmus, areas which have depended on large-scale industrial development, things are not so clear-cut. In the words of a development worker from the Come By Chance area:

I think that some people see community development as a good thing, people starting their own businesses and so on. But I also think that they look at the big projects like Hibernia and the refinery and development that could help them, they are looking at both. Some people think that it has to be a big project to actually do any good (Development worker, Come By Chance area).

This statement captures the sentiments expressed in the interviews; the KDPs support the idea of small business development but when asked about it further they talk mostly about the big projects and what these can do for the area -- the refinery, development of the Bull Arm site, the proposed smelter, and so on. It is almost as though small business development is seen as a good idea but one which is not all that realistic; what is really going to keep the area alive is the same as before -- large industrial projects.

Nevertheless, there are a few respondents who were sceptical towards small business development, not necessarily because they preferred large projects, but rather because of the small population base in the area. In the words of a development worker from the Long Harbour area:

People talk about small businesses all the time but how many small businesses can you have? In order to have a business you have to have a good location with big enough population to support it. And right now I can't see any more small businesses arriving because the population is just not there to support them (Development worker, Long Harbour area).

This issue was not explored directly on the Bonavista Headland and therefore direct comparison is not possible. However, it appears that the attitudes are much the same there, "the idea of a small business development is good but we need something big to survive." This is supported by the type of businesses people thought could be established in the area. Tourism and cottage manufacturing, which are typically small scale businesses, were the

activities most often cited. However, what the area was *really* focusing on was finding an investor to take over the empty fish plant:

For this community to develop, we're going to need a big industry to come in and utilize the infrastructure (the fish plant) and the work force of the community (Politician, Catalina area. Smith, 1997:191).

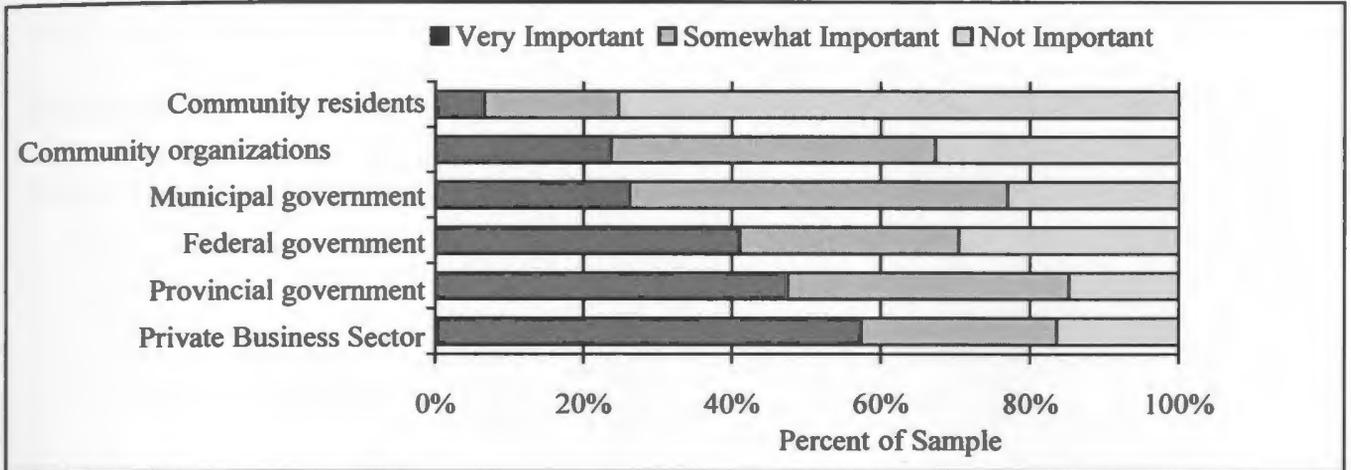
### *5.2.2.3 Who should fund development initiatives?*

When looking at self-reliance, the issue of who should fund community development activities has to be addressed. The provincial and the federal governments have been the main, and often only, sources of funding for development in the past and the role they played in that respect has often been taken for granted. Typically funding is made available for certain sorts of initiatives, activities or programs and the communities have to try to fit their requirements into those categories. Sometimes this is not a very appropriate match and it may mean that from time to time communities access funds for projects that are of low priority. Therefore, by controlling the funding governments are generally in the position of controlling the nature of the development as well, which is inconsistent with the general principles of CED. Nevertheless, economic development is an expensive process and lack of financial resources can significantly limit progress. The importance of access to funding becomes clear when looking at what people identified as the major constraints to development in their community. On the Bonavista Headland the constraint most commonly identified was lack of funding, particularly the lack of corporate and government funding. On the Isthmus a number of people specified lack of

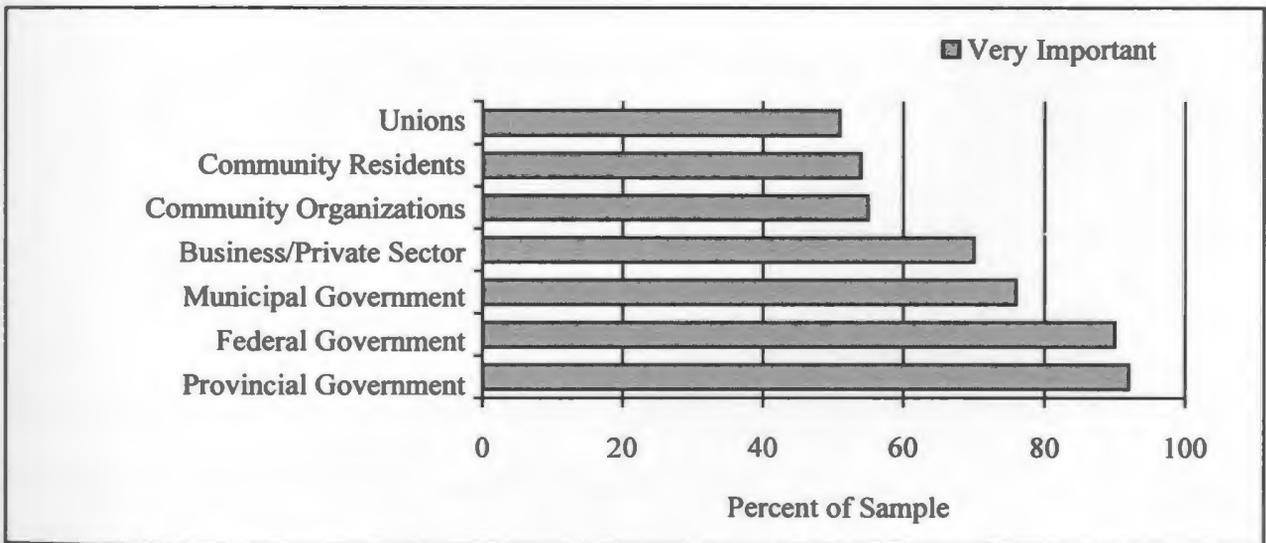
funding as a limiting factor in development, however, it was not seen as being as significant as on the Bonavista Headland.

Both surveys included a question to explore where the funding should come from, but the questions were phrased slightly differently and therefore the comparison has certain limits. On the Bonavista Headland the respondents were asked to indicate the importance of each source using a Likert scale, but on the Isthmus the KDPs were asked to rank the funding sources in terms of importance so that relative importance would be indicated.

By looking at the importance respondents placed on each of the sources the regions show significant similarities (Figure 5.4 and 5.5). The Provincial and the Federal Governments are considered key players with Community Organizations and Community Residents playing a lesser role. There is one significant difference, however, and that is the importance respondents placed on the Local Business sector. On the Isthmus, the Local Business sector was viewed as the most important source of funding as over 50 per cent of respondents rank it as important. On the Bonavista Headland the Local Business sector ranked fourth after all levels of government.



**Figure 5.4 Perceived importance of various sources of development funding on the Isthmus** (Question B2. Please rank the following in terms of importance with respect to who should fund development activities in this community.<sup>13</sup>)



Based on Smith (1997:209)

**Figure 5.5 Perceived importance of various sources of development funding on the Bonavista Headland** (Question B1 Bonavista Headland survey. How important should the following be in funding development activities in this community?)

<sup>13</sup> The most important was ranked as number one and the least important as number six. The data have been collapsed to simplify the figure. Ranks one to two are considered Very Important, ranks three to four are reported as Somewhat Important, while Not Important includes ranks five and six.

Even though the private sector is considered extremely important on the Isthmus the KDPs stress the point that government involvement is necessary, particularly to get projects on their feet even though the goal is eventually to become self-reliant. For example, a development worker in Clarenville said:

Our own group has stressed that we don't want to have to rely on government because I think that is defeating the whole purpose. There should be an industry driven initiative but obviously you need funding to start off. It would be impossible without government funding (Development worker, Clarenville).

The Long Cove Harbour Authority established in Norman's Cove - Long Cove is another example where the goal is to become self-reliant but where initial help from government is necessary:

For the last fifty years we have been a burden to tax payers. Our policy is that users pay, we are the fishermen and small boat operators and we are the ones who are using the harbour and we feel strongly that it has been long enough depending on other people's taxes ... we are aiming for the goal that in the year 2001 that we can be self-supportive in our harbour, that we will have to depend on no one else (Volunteers, Long Harbour area).

However, there are people on the Isthmus who believe that the government has to be very much involved, not because people want to rely on government but because the local financial resources are just not there:

My experience has shown, and what I have learned from listening to people, is that we are a poor province and people don't have the financial resources to start their own business (Volunteer, Come By Chance area).

Finally, a few KDPs perceived that the area was far too dependent on outside financial sources and that a self-reliant attitude was completely missing when it comes to funding:

I think people want government to invest but they don't want to invest themselves. But you can't expect the government to put everything in and that is the big problem. people don't want to put up their own dollars to do anything. If it is not government funded they are not going to try to do it (Development worker, Come By Chance area).

The importance of government involvement is perhaps not surprising considering the traditional dependency on government projects and income support programs. The make-work projects of the past and income support programs like UI (now EI) and TAGS have played a significant role in providing income for many rural Newfoundlanders and this has led people to look at it as something which can be taken for granted:

Some people consider UI a given right and our government has indirectly, by the way they supply grants, made people feel that unemployment was salary. Our government taught our people to do that (Volunteer, Come By Chance area).

#### *5.2.2.4 Government sponsored employment*

One of the main characteristics of top-down development is that senior levels of government are primarily responsible for development. This has made the government a key player in creating jobs, an issue addressed in question A4 (Table 5.16).

**Table 5.16 Job creation by the government: Isthmus (Question A4)**

The government should be responsible for creating jobs where needed.			
	Disagree	Indifferent	Agree
Isthmus	50.7%	9.0%	40.3%

Approximately 50 per cent of respondents on the Isthmus do *not* think that the government should be responsible for creating jobs. This is interesting bearing in mind how important the government has been in creating employment in the past, particularly with make-work projects in rural Newfoundland. By looking more closely at the area, however, it becomes clear that there is a significant difference between answers from Clarenville on the one hand and from the Come By Chance and the Long Harbour areas on the other (Table 5.17).

**Table 5.17 Job creation by the government: community differences on the Isthmus (Question A4)**

The government should be responsible for creating jobs where needed.			
Isthmus	Disagree	Indifferent	Agree
Clarenville	68%	12%	20.0%
Come By Chance Area	38.5%	11.5%	50.0%
Long Harbour Area	43.8%	0.0%	56.2%

$p = 0.0426$

In Clarenville 68 per cent disagree with government creating jobs but only 38.5 per cent in the Come By Chance area and 43.8 per cent in the Long Harbour area. Considering that Clarenville has a lower unemployment rate and a much more diversified economy

than the other two areas the results do not come as a surprise. Also, make-work projects have traditionally been more important in the areas outside of Clarenville and people in these regions are more used to government stepping in and providing employment when needed. It seems, therefore, that need and familiarity may be key factors in how important people perceive the government when it comes to job creation. Unfortunately, it is not possible to compare the Isthmus and the Bonavista Headland on this issue since the question was not asked in the Bonavista Headland study.

Question A5 also addressed the issue of government involvement in job creation, but from a slightly different perspective. When people in the two areas were asked about the importance of government sponsored employment projects a little under 30 per cent of respondents from the Isthmus thought it would always be a part of their community's economy and 46.5 per cent of respondents from the Bonavista Headland felt that way (Table 5.18). Even though there appears to be a difference between the answers from the two areas, the t-test does not indicate that the areas are significantly different.

**Table 5.18 Government sponsored employment (Question A5)**

Government sponsored employment projects will always be an important part of this community's economy.			
	Disagree	Indifferent	Agree
Isthmus	52.2%	17.9%	29.8%
Bonavista Headland	39.4%	14.1%	46.5%

t-value = -1.00, p = 0.321 (not significant)

The decision tree analysis did not reveal any real differences among communities on the Bonavista Headland, however, attitudes on the Isthmus did vary among communities (Table 5.19).

**Table 5.19 Government sponsored employment: community differences on the Isthmus (Question A5)**

Government sponsored employment projects will always be an important part of this community's economy.			
Isthmus	Disagree	Indifferent	Agree
Clarenville	40.0%	28.0%	32.0%
Come By Chance Area	69.2%	15.4%	15.4%
Long Harbour Area	43.8%	6.2%	50.0%

$p = 0.0157$

It appears that the KDPs in the Come By Chance area do not see the government playing as important a role with respect to employment as the other two areas do. This is interesting in the way that the large industrial projects in that area - the refinery, the Transshipment terminal, Hibernia and the proposed Terra Nova construction - have all to some extent benefited from government involvement because of tax concessions, incentives, grants, and so on. Therefore, indirectly, the employment they created is government sponsored. The KDPs in the area, however, do not seem to look at it that way; they do not see the area as being dependent on government initiatives in generating employment.

Clarenville is also an interesting case. When the question was originally designed for the Bonavista Headland "government sponsored employment projects" were meant to stand for make-work projects, but these kinds of projects are not an important source of

employment in Clarenville. However, as a service centre for many rural communities highly dependent on government sponsored employment, the economy of the town is indirectly dependent on that kind of employment. This might explain why many KDPs in Clarenville either agree or are indifferent in their responses to question A5.

From the responses to Question A5 (Table 5.18) it was not possible to statistically distinguish between the Bonavista Headland and the Isthmus. Question A6, however, asks about a particular program - TAGS - and here there is a great difference between the areas (Table 5.20).

**Table 5.20 Government support programs (Question A6)**

Once the TAGS program ends this community will need another support program.			
	Disagree	Indifferent	Agree
Isthmus	52.2%	14.9%	32.8%
Bonavista Headland	7.5%	9.8%	82.7%

t-value = -7.18, p = 0.000 (significant)

Over 80 per cent of respondents from the Bonavista Headland believe that their community would need another support program once TAGS expired compared to just over 30 per cent on the Isthmus. This reflects the differences in the relative importance of the fishery in the two areas and how hard each was hit by the moratorium. But this may also reveal more implications for CED on the Bonavista Headland than on the Isthmus. In many cases TAGS has delayed people's decision-making process about what they will do in the future. Therefore, rather than encouraging people to change their livelihoods,

TAGS has reduced self-reliance, at least in the short-term, and as such it has not done much for CED.

### 5.2.3 Risk taking

Taking risks and being willing to try something new and different are key characteristics of entrepreneurial behaviour, whether one is talking about individuals or the community as a whole. Community leaders have to recognize this and be willing to take risks.

however, the residents also have to be willing to allow the leaders to do so. It was argued in the previous section that dependency on outside forces is not likely to nurture self-reliance. The same is true for risk-taking; if people are used to being taken care of they are less likely to take risks. Considering the long tradition of communities in Newfoundland being dependent on government or non-local companies, one would not expect to find very positive attitudes towards risk-taking. However, the responses to question A3 indicate that the study regions are not homogenous in that respect (Table 5.21).

**Table 5.21 Development and risk-taking (Question A3)**

This community should proceed with development cautiously - this is not the time to take risks.			
	Disagree	Indifferent	Agree
Isthmus	64.2%	4.5%	31.3%
Bonavista Headland	42.3%	9.9%	47.9%

t-value = -2.79, p = 0.006 (significant)

There appears to be a significant difference between the two areas as 64.2 per cent of respondents from the Isthmus consider risk-taking to be necessary but only 42.3 per cent from the Bonavista Headland feel that way. The Isthmus has had a more dynamic economy compared to the Bonavista Headland. There has been a series of economic booms and busts which may have made people more used to risk and perhaps more aware that taking risks is a part of development (Table 5.22). On the Bonavista Headland, which traditionally has been mostly involved with only one industry, the fishery, there was little need to take risks and seek opportunities outside the fishery before the moratorium. The fishery employed those who could and wanted to work, and when there was no work government programs provided people with income. Now when new initiatives on the Headland are necessary people may be too traumatized by the situation to take the risks.

**Table 5.22 Recognition of risk-taking: Isthmus (Question C9)**

People here generally recognize that taking risks may be necessary for community development.			
	Disagree	Indifferent	Agree
Isthmus	13.4%	4.5%	82.1%

It is one thing to recognize the need for taking risks, it is quite another thing to actually take them. The issue of potential economic opportunities on the Isthmus is a good example. The KDPs seem to believe that things can happen in the area (opportunities are there, local people can start businesses and businesses can succeed). However, actually identifying the opportunities and taking action has been limited. This goes back to an earlier point about there being a difference between saying something is a

good idea and actually doing something about it. It is as though people do not have the faith in themselves to actually take the initiative. In the words of a development worker from the Come By Chance area:

people don't have any ideas, or they don't have the capital they need or they don't feel they have the expertise to do it ... or they think that someone else should do it (Development worker, Come By Chance area).

However, it is not only that people may lack the confidence in themselves. A politician from the Come By Chance area suggested that the lack of confidence in the economy had prevented people in the past from taking the initiative, but he also suggested that things might be changing:

When the refinery went bankrupt a long time ago a lot of people were nervous and I guess a little shy about investing in businesses because there wasn't a lot of support. And then of course the fishery went basically belly up and then you had the big influx of the Hibernia project and people knew that it was short term. But I think that now we can be fairly confident that National Sea Products is going to be here for a long time, I think that the refinery has proven that it is a reliable business now, and with the Whiffen Head Transshipment facility being a 25 year project, all of these things are pointing to the fact that people should now have the confidence to be able to go out and start businesses and have reasonable expectations that they will do well (Politician, Come By Chance area).

Nevertheless, many respondents on the Isthmus were concerned that the area did not have enough people that were willing to take risks:

### **Question D11**

**What are the major challenges and issues facing this community in terms of development?**

The major challenges being people are afraid to start a business since the population is so low and the economy is declining (Volunteer, Come By Chance area).

Only a few “business people/entrepreneurs” that are risk-takers (Development worker, Clarenville).

Having the courage to take risks (Volunteer, Come By Chance area).

The same was revealed in the interviews. A politician from Clarenville said for example:

There might need to be a little more business spirit among people who would promote things. The business spirit is here but it is almost as if there is a fear to take on something that is new out there (Politician, Clarenville).

In the end it may all be a question of believing and seeing a vision of the future as a volunteer from Come By Chance area suggests:

Some people don't get involved, some people are not risk-takers, they will not get involved until someone else has proven it.

#### **5.2.4 Summary of entrepreneurial spirit**

The comparison of attitudes related to the theme of entrepreneurial spirit on the Bonavista Headland and on the Isthmus indicates that there is a significant difference between the regions, with more positive attitudes apparent on the Isthmus. There is also a significant difference between communities on the Isthmus with KDPs from Clarenville showing most awareness of the need for entrepreneurial spirit and those from the Long Harbour area expressing the least.

The following are the key observations about entrepreneurial spirit on the Bonavista Headland and on the Isthmus:

1. The results indicate that KDPs on the Isthmus have more positive attitudes towards the future and towards the economy of their area than do KDPs on the

**Bonavista Headland. The only thing which negatively affects the overall positive attitudes on the Isthmus is the declining population and particularly the out-migration of young people who do not return after going away to get an education.**

**These same concerns were expressed on the Bonavista Headland.**

- 2. Although the feelings towards the future and towards the economy of the two areas are very different, faith in CED appears limited in both areas.**
- 3. Self-reliant attitudes were expressed in both areas when it comes to setting priorities or choosing the strategy for development. However, when it comes to funding development activities, the KDPs on the Isthmus appear to have more self-reliant attitudes than the respondents from Bonavista Headland, with the KDPs on the Isthmus looking more towards the local business sector as key source of funding.**
- 4. The differences observed between the two regions in the perceived importance of government sponsored employment projects and income support programs such as TAGS further stresses the more self-reliant attitude on the Isthmus**
- 5. Making the communities attractive to outside businesses, a strategy usually associated with top-down development, is advocated in both areas, though more so on the Bonavista Headland than on the Isthmus.**
- 6. KDPs on the Isthmus appear to have recognized the need to take risks and believe that the public understand that risk-taking may be necessary for development. However, they are concerned that there are few risk-takers who are willing/able to go beyond recognizing ideas and opportunities and take action.**

7. As for being creative and innovative, there is little to indicate these characteristics in either of the study regions; both appear to be mainly looking at development initiatives similar to those attempted in the past.
8. The attitudes observed towards entrepreneurial spirit seem to be reflecting the respective levels of activity in the various places, with places at a low point in their economic history having little entrepreneurial spirit.

### **5.3 Local control**

Only one question in the Bonavista Headland survey but three in the Isthmus survey directly addressed the issue of local control. The interviews are therefore the foundation for the comparison and discussion of this theme. Local leadership and decision making is the first sub-theme addressed (section 5.3.1), section 5.3.2 discusses local ownership and control and local resources are addressed in section 5.3.3.

#### **5.3.1 Local leadership and local decision-making**

##### *5.3.1.1 Local decision making*

In traditional development approaches decisions are generally imposed on communities by senior levels of government leaving limited opportunity for the communities to have any influence. CED, on the other hand, emphasizes that communities should play an active role in deciding their goals and objectives in development and be heavily involved in the choice and implementation of development strategies. It appears from question

All that KDPs on the Isthmus are divided on the issue of local decision-making; 43.3 per cent agree that too many decisions are made outside of the community while 38.8 per cent disagree (Table 5.23).

**Table 5.23 Decision-making: Isthmus (Question A11)**

Too many decisions concerning the future of this town are made outside of the community.			
	Disagree	Indifferent	Agree
Isthmus	38.8%	17.9%	43.3%

These results are in many ways interesting. Traditionally the provincial and federal governments have made all of the important development decisions, and in spite of all efforts this is still very much the case. However, according to responses to questions about who should set priorities and strategy this top-down approach is not the one advocated on the Bonavista Headland or on the Isthmus. Because of that one might have expected more people to see outside decision-making as a limiting factor in development.

Although 38.8 per cent of respondents do not perceive outside decision-making as a problem, the interviews revealed frustration over the red tape and lack of government support for locally driven initiatives. In that sense, government involvement is seen as potentially limiting development:

**Lack of bureaucratic vision - too much red tape and too many brick walls. No support at government level of ANY community-led initiatives - ALL TALK - NO ACTION IN SUPPORT (Development worker, Clarenville).**

**Government agencies like ACOA and ENL do not take local people seriously. If we're going to do anything in Newfoundland, we're going to have to support our own people ... This is the difference between local development and government**

development -- we help local people build their own communities. Government doesn't give us any credit (Development worker, Catalina area. Smith, 1997:231).

From my own experience I find red tape from Provincial Departments a real turn off (Volunteer, Come By Chance area).

Government restriction and the paper chase are the major challenges in terms of development (Volunteer, Come By Chance area).

The biggest constraint here is government bureaucracy. There are plenty of people in the region with good ideas but few will be willing to jump through all the hoops necessary to get the funds and the green light (Business person, Bonavista. Smith, 1997:232).

### *5.3.1.2 The role of the municipal government*

As the above indicates, the disadvantages of too much reliance on government have been recognized. However, to have local control over the development process there is a need for strong and committed local leadership. There has to be someone who takes the initiative, gets things moving and makes sure things are carried through. As discussed in the self-reliance section (5.2.2), respondents from both field areas advocate local groups rather than external groups when it comes to setting priorities and choosing the strategy for development. It is interesting, however, that the leadership is not so much expected to come from the municipality – the local politicians – as it is from the business sector, volunteers and community-based development groups. The same opinion came through in the interviews on the Isthmus. When KDPs were asked who were the local leaders, people commonly mentioned either individual business persons (in the smaller communities) or Chamber of Commerce representatives (in Clarendville and Arnold's Cove). A politician from the Come By Chance area describes this attitude in saying:

We [the town council] would certainly take the view that the economic development in the area needs to come from the private sector rather than government or municipality. And I think that we can certainly play a role in leading or helping to lead but I think these guys, the private sector, need to develop businesses and get things off the ground here (Politician, Come By Chance area).

There are a number of reasons why local government is seen to be the least important of the local groups when it comes to development. In Newfoundland there is not a long tradition of local government involvement in economic development. The municipalities administer the communities and provide services such as garbage collection, water and sewage service, and street lighting, but development beyond that has traditionally been the role of the Rural Development Associations and the provincial government. It was suggested in the personal interviews that this was still very much the attitude -- that local government did not really see that it had a role in development. In the words of a business person from the Come By Chance area:

I know that the Chamber of Commerce is working on developing and promoting the area as much as possible and the zonal board is promoting the area as much as possible. I think what is happening is that some of our councillors are just sitting back and letting those organizations do the work for them (Business person, Come By Chance area).

Another reason may be mistrust of local government as some people think that the local government cannot handle the task of development for the future:

If our future is in the hands of that lot down in town hall, then I'd say we're in for a mighty rough go of it (Volunteer, Bonavista. Smith, 1997:233).

Most of the time you don't have business people involved with the council therefore it is difficult for them (the council) to think business if they are not business-minded (Politician, Clareville).

### 5.3.1.3 *Is the leadership there?*

The will to have a locally controlled development process has been identified and that leads to the question as to what extent local leadership is actually there.

**Table 5.24 Lack of leadership (Question A10)**

Lack of leadership is a barrier to development in this community.			
	Disagree	Indifferent	Agree
Isthmus	44.8%	6.0%	49.2%

According to question A10 close to 50 per cent of respondents from the Isthmus consider lack of leadership a constraint to development in their community (Table 5.24). The same attitude was evident in the interviews. Even though some KDPs stated that the local leadership was good, more felt that there was a need for stronger leadership. In September of 1997, at the time the data collection on the Isthmus took place, there were municipal elections in Newfoundland. In most communities on the Isthmus and the Bonavista Headland, more people ran for council than there were seats. However, some communities had a hard time finding enough people to form a council, which certainly indicates a lack of individuals willing to take on leadership roles. A development worker from Clarenville described the downside of not having people showing interest:

There is a lack of leadership. We are finally seeing a lot of interest in this municipal election. Previously there was no interest. Usually if someone ran for a mayor they would be acclaimed. When you've got that sort of leadership, where you are not going to really get the interest from the people that you need to move on, then you are not really a leader ... the leadership isn't there (Development worker, Clarenville).

The need for more leadership was stressed both on the Bonavista Headland and on the Isthmus:

There's plenty of volunteer spirit here ... plenty of people ready to pick up a hammer and follow instructions, but there are no leaders, no sparkplugs, no one to give the instruction (Development worker, King's Cove area. Smith, 1997:235).

I think people don't want to be told what to do but I think they liked to see someone that could take an idea and go with it and develop or start a process (Development worker, Come by Chance area).

Despite what has been stated here it is a fact that almost 45 per cent of respondents from the Isthmus did not consider lack of leadership to be a barrier to development. A point to note here is that this might be a case where the respondents are too close to the subject since the KDPs are themselves the community leaders. Therefore, the answers to question about lack of leadership might be biased. It is possible that if the "common Joe" was asked the same question the result might be quite different.

### **5.3.2 Local ownership and control**

The section on local decision making was concerned with how people felt about control over the development *process* (Question A11. Table 5.23), but question A2 is more focused on control over *businesses* and *resources* (Table 5.25).

**Table 5.25 Ownership and control: Isthmus (Question A2)**

Outside ownership and control of businesses and resources limits development in this community.			
	Disagree	Indifferent	Agree
Isthmus	53.0%	10.6%	36.4%

It was argued in Chapter 2 that outside ownership of businesses, particularly large businesses, could make communities more vulnerable as such businesses owe little allegiance to the community or the area. On the Isthmus the dominant employers (with the exception of Clarenville) have been large, outside-owned businesses and operations and because of that it was expected that more people would agree with question A2. It seems, however, that outside ownership and the very limited influence the area has on decisions concerning these businesses, is not perceived as too much of a problem. The only criticism people made in this respect was with reference to how the hiring was done for the Hibernia construction project. People argued that the area could have got more jobs if the government had not come to an agreement with the unions.<sup>14</sup> At issue here is that as far as this project was concerned, the government was looking at Newfoundland as a whole rather than looking at the immediate area, an approach which many local people disagreed with.

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<sup>14</sup> In September 1990 the project was declared a "special project" under the Newfoundland Labour Relation Act. This was designed to ensure speedy and satisfactory dispute resolution without work stoppages. In return for this commitment, workers were to be drawn solely from the building and construction trades unions. This limited the opportunities for local, non-union, workers to find employment on the project (Kealey and Long, 1990)

The Bonavista Headland is similar to the Isthmus in the way that the main industry in the area, the fishery, was primarily owned and controlled by outside forces. The government basically controlled the harvesting levels, and the fish plants and the larger vessels were owned by outside corporations. The development initiatives undertaken after the moratorium, such as the reconstruction of the Ryan Premises, and to a significant degree the Cabot 500 celebrations, were also under outside control. The same holds true for recent developments in the fish processing sector as the new shrimp processing plant in Port Union belongs to FPI and the seal processing plant in Catalina is being operated from Clarendville.

As stated in Chapter 2, full community control over resources like the fish stocks is very unlikely. The same holds true for industries such as those on the Isthmus. Rather than aiming for local control over these, a more realistic approach might be for the communities to seek stronger “partnership” relations with incoming developers to try to ensure that local values and goals are reflected in new developments. To date this kind of local influence has been limited in both the study areas.

### **5.3.3 Local resources**

It was argued in Chapter 2 that increased self-reliance was closely related to utilization of local resources. Furthermore, it was stated that all communities, no matter how poor they are, have some local resources which can be utilized. The challenge is to recognize what these resources are. There are many types of local resources, but in the following

discussion they are divided into three general categories: natural/physical resources, financial resources, and human resources.

#### *5.3.3.1 Natural/physical resources*

The Bonavista Headland and the Isthmus are quite similar in that both are characterized by narrow resource bases from which to draw. They are also similar in that attempts to identify and utilize other resources have been limited or had limited success.

The fish stocks, particularly the cod, have for centuries been the most important natural resource utilized in Newfoundland. However, with the groundfish moratorium in 1992, use of that resource was put on hold indefinitely. People therefore had to look for something else, either by fishing for other species, moving away from the fishery to try something new, or a combination of both. The Bonavista Headland is one of the areas which was greatly affected by the moratorium and had to respond to the changed situation. Some fishermen in the region are now fishing other species such as crab, but this is only a minority of the fishermen in the area. As for the fish plants, the plant in Bonavista successfully moved away from processing groundfish to focusing on processing crab. The same cannot be said for the plant in Port Union. This was the biggest groundfish plant in the area and it was closed soon after the moratorium was announced. After being closed for six years, however, the plant has gained a new life. In 1998 it underwent modifications that allowed it to start processing shrimp in the Fall of that year. The third plant in the area, the former salt fish plant in Catalina, has also been recently modified and is now being used for processing seals. Thus, efforts have been

made to utilize new species and to utilize the facilities that were already in place. It has been a long process, however, and the new activities have not totally replaced the cod fishery in terms of employment and income generation.

Although the fish stocks are the single most important resource utilized on the Bonavista Headland, it is not the only available local resource. Reference was made earlier to berry picking, goat farming, slate mining and tourism. It seems, however, that where one resource has been so dominant as has been the case with the fishery, it is hard for people to recognize the opportunities that these other resources can offer. Furthermore, it is not just a matter of recognizing that there are other opportunities, it is also a question of being able to and wanting to change. As a business person from Bonavista put it:

People just don't see the potential in tourism because they just don't appreciate the resources we've got for that sort of thing. I hear people who visit say all the time "you guys have got it here but we don't know anything about it". People just can't believe that someone would come all the way up here just to look at an iceberg or the coastline or just to walk around the harbour watching the boats come in (Business person, Bonavista. Smith, 1997:225).

This inability to see opportunities or believe in the economic opportunities of tourism may have changed somewhat with the Cabot 500 celebration which, at least for a short time, drew thousands of tourists to the area in the summer of 1997.

As for the Isthmus, its location is probably the "resource" which has most been utilized. The location of Clarenville on the Trans Canada Highway, midway between St. John's and Gander, and next to Terra Nova National Park, has been a major advantage, something which has contributed to the town's prosperity in the past and which can be

further tapped in the future. This is true for the Isthmus as a whole. Compared with the Bonavista Headland, which is at the head of a peninsula 90 km from the Trans Canada Highway, the Isthmus is a very suitable location for industries where proximity to St. John's, direct access via the main highway, and deep ice-free harbours are important considerations in locational decisions. As a result of the industrial projects in the past (which took advantage of the location of the Isthmus) there is industrial infrastructure in place in the area which many KDPs considered a resource which could be further utilized.

With respect to the fish stocks as a local resource on the Isthmus, most of the KDPs interviewed said that the moratorium did have some effect, they generally agreed however, that because the fishery was not the prime industry in the area the impacts had not been as drastic as in many other regions. Other reasons are that early in the moratorium the fish plants in the area and the fishermen managed to diversify into under-utilized species. When asked about effects of the moratorium, a volunteer in the Come By Chance area said:

I don't know of any boats here that were pulled up and didn't fish in the moratorium ... the fishermen in this community are not inshore fishermen, they have longliners equipped with radar, sounding gear and they fish all species (Volunteer, Come By Chance).

The potential of the Isthmus as a tourist attraction has been recognized as a resource that could be developed. However, seeing the opportunities is one thing, knowing how to utilize them is quite different, as a politician in Clarenville stated:

This community and surrounding region is one of the most beautiful sights in the Fall season. This is "something" to build on but the major challenge is HOW? (Politician, Clarenville)

### *5.3.3.2 Financial resources*

With respect to financial resources, Smith (1997) argues that on the Bonavista Headland availability of and access to local financial resources is difficult. Most new projects rely on external financial resources and potential local sources of development funding have hardly been acknowledged. Development projects or initiatives on the Isthmus are similarly primarily dependent on outside sources of funding. However, as discussed in section 5.2.2.3, the KDPs on the Isthmus considered the private business sector the most important source of funding while the respondents from the Bonavista Headland considered all levels of government more important in funding development than the business sector. It seems, therefore, that KDPs on the Isthmus are more convinced that local financial resources do exist in the area and could be tapped as a source of development funding.

It is a fact that the Isthmus is better off economically. Average incomes are higher as jobs related to industrial projects tend to be well-paid jobs and the region is not as dependent on transfer payments as the Bonavista Headland. It is therefore not surprising that KDPs on the Isthmus have a stronger belief in the potential for utilizing local financial resources than KDPs from the Bonavista Headland. Even though local capital has not been a major source for development projects aimed at creating jobs, it appears that the local funding is there when it comes to other development projects such as

recreation development and other kinds of social and cultural projects. This will be further discussed in the section on Community Support.

#### *5.3.3.3 Human resources*

Human resource is another type of local resource which can be utilized. This was recognized on the Isthmus as a number of respondents identified the skill and knowledge of the local people as something which could be built on. In Clarenville, KDPs particularly emphasized skills in the IT sector which some local people had developed. In the other two areas, there is a pool of well-trained and skilled tradesmen which developed as a result of the industrial projects there, and this was seen as an advantage of the region. On the Bonavista Headland, people have substantial skills associated with the fishery, although with the moratorium, these skills are not as valuable as before and not so easily transferred to something else.

There are two main problems in utilizing local human resources in both areas: low levels of education and declining populations. Low levels of education are a widespread problem in rural Newfoundland. The Isthmus, and particularly the Bonavista Headland, are no exceptions. As discussed in section 3.5.7.3, 58 per cent of people 15 years and older on the Bonavista Headland and 41.7 per cent in the same age group on the Isthmus have not completed high school. Illiteracy has been a long-standing problem but it really came to the forefront with the moratorium. A development worker in the Come By Chance area, for example, observed that following the closure of the fishery it became clear that there were a lot of younger people who could not read or write or who had fairly

low level skills in that respect. As a consequence, it was very hard for this group of people to either go back to school or to find new employment outside of the fishery. In both areas, Development Associations have undertaken projects to address the problem of illiteracy and books for adult learners have been published with the hope that it would encourage people to improve their reading ability. Also, under the TAGS program, courses were offered to increase the level of education in the areas, both oriented towards improving basic skills such as literacy, and also towards training for specific trades.

The Bonavista Headland survey asked a question about the perceived importance of training offered under TAGS (Table 5.26). As TAGS was not considered nearly as important on the Isthmus, the question used there asked about training in general without indicating any specific program (Table 5.27).

**Table 5.26 Training under TAGS: Bonavista Headland (Question C4 Bonavista Headland study)**

How important are the training programs offered under TAGS for the development of this community?			
	Not important	Somewhat important	Important
Bonavista Headland	34.3%	30.0%	35.7%

**Table 5.27 Skill training and upgrading: Isthmus (Question A17)**

How important is skill training and upgrading of local people to development in this community?			
	Not important	Somewhat important	Important
Isthmus	1.5%	11.9%	86.6%

As the questions are not the same it is not possible to make direct comparisons based on statistical tests. It appears that skills training and upgrading of local people in general is considered a very positive thing, but the particular training offered under TAGS may not have benefited the communities from a development perspective. One reason for the KDPs on the Isthmus giving training more value may be because the workers there have received "on the job" training (which might have improved their wages) as opposed to TAGS training for jobs which, for the most part, did not exist. In the words of a development worker from the King's Cove area:

TAGS training was good for some people, but for them there was nothing to keep them in the region -- they moved away. In Bonavista, someone who trained for hairdressing for example, may have at least made a go of it in town -- no one would try that in Keels. In this way TAGS was a positive effect on the individual, but a negative effect on the community (Development worker, King's Cove area. Smith, 1997:229).

This leads to the other problem of utilizing local human resources -- the decline of that resource because of out-migration. KDPs in both areas are concerned about declining population and aging communities as the following examples indicate:

I'd estimate that fifty families left this region last year alone. Many of them were young people too. They're the lifeblood of this town. Without the young people, where's the future? (Volunteer, Bonavista. Smith, 1997:227).

My kids are probably going to be the last generation in terms of living in the community. And I guess when they grow up and get their education they are gone. So this is an ageing community and it will continue that way (Politician, Long Harbour area).

What makes out-migration even more serious it that it is generally perceived that it is the better educated people who are leaving:

We've got 45 per cent illiteracy rate in this province and the most literate people are leaving the province. We've got this brain drain happening. Younger people, your risk-takers, those who should normally be creating these opportunities are leaving (Development worker, Clarendville).

As education and training are so closely linked to out-migration it is seen by many as a double-edged sword. On the Isthmus the KDPs talked about the importance of education and that young people in the area should have the opportunity to get the best education possible. However, once the young people leave their community to seek higher education they are very unlikely to come back. A volunteer from the Come By Chance area described the irony of encouraging young people to seek education in saying:

We have been very successful, they have all moved away and went to school and not come back. This is good for the student, good for the families, but shipping all our students away is not good for the community because we will soon die ... we are fine economically now, we won't be in the future because we won't have the human resources to keep the community alive (Volunteer, Come By Chance area).

#### **5.3.4 Summary of local control**

Overall, there does not seem to be as striking a difference between the areas when it comes to local control as was discovered for entrepreneurial spirit. The key elements observed regarding the theme of local control are:

1. Lack of leadership is perceived to be a problem in both areas. Outside decision-making was not considered a major limiting factor to development on the Isthmus, but complaints regarding the red tape and lack of government support for local development were made in both areas.

2. Ownership and control of businesses and resources have been very much in the hands of external groups, both on the Bonavista Headland and on the Isthmus. Outside ownership is not generally viewed as something which is holding development back.
3. Even though the areas have quite different economies, they each depend on a narrow resource base.
4. In spite of a few successful attempts to develop other resources, the majority of people in the areas do not see the opportunities that other resources could provide.
5. Local financial resources have been more recognized on the Isthmus than on the Bonavista Headland, but as yet, they have not been significantly mobilized for economic development.
6. The potential of local human resources has to a degree been recognized, particularly on the Isthmus. However, low levels of education and selective out-migration limit the value of this resource.

#### **5.4 Community support**

Community support is an issue which was fairly well covered in the surveys with eight questions in the Bonavista Headland study and nine in the Isthmus study being directed towards this theme. However, as is true for all the other themes as well, the information from the interviews revealed differences which otherwise might have been missed. Sense of community is the first sub-theme considered (section 5.4.1), followed by public

participation and volunteerism (section 5.4.2), local fundraising (section 5.4.3) and finally, co-operation and partnership (5.4.4).

#### 5.4.1 Sense of community

When people share a sense of community, they recognize that they have certain common bonds with other members. The stronger their sense of belonging and the more pride that people take in their membership, the more willing they are to work together (Wismer and Pell, 1981:2)

In the past, Newfoundlanders have been known for their strong sense of community. The resistance to the resettlement programs of the 1960s revealed how deep the roots of belonging were; and the fact that now people keep on struggling to make a living in outport communities following the groundfish moratorium indicates that sense of community remains and is highly valued by those who live there. Responses to question C7 support this as the overwhelming majority of respondents from both areas feel that there is a strong sense of community in their individual communities (Table 5.28).

**Table 5.28 Sense of community (Question C7)**

There is a strong sense of community here.			
	Disagree	Indifferent	Agree
Isthmus	13.4%	4.5%	82.1%
Bonavista Headland	18.3%	12.7%	69.0%

t-value = 1.09, p = 0.280 (not significant)

Despite the difference in the numbers of KDPs who felt that there was strong sense of community in the two areas, the t-test did not reveal any statistically significant differences. Interview responses were more revealing on this matter. Smith (1997: 251) reports that on the Bonavista Headland “many respondents used the word ‘home’ to describe their town and many talked about the loss of people and how hard that was for the others in the community to watch.” On the Isthmus people did talk about out-migration and loss of people, but also about community pride:

I think there is a strong sense of community, a strong sense of community pride ... If you drive through the town, for the most part of it, people are proud of their properties, they keep their homes in good shape and most homes have a nice lawn and flowers. I think there is a fairly good sense of community pride (Politician. Come By Chance area).

People generally take a lot of pride. if you drive around Clarenville at the present time you see that the town is almost as tidy now when all the leaves have fallen as it was in July when everything was in bloom. People take a lot of pride in their properties (Politician, Clarenville).

In spite of this there were a few who argued that sense of community has changed and is not as strong as it used to be in the past:

The sense of community is not there any more ... Before, people needed each other, they depended on each other, they worked together. But now it is the family unit. You look to support your family unit not your community any more (Development worker, Clarenville).

Harsh economic circumstances can create tension, either drawing the community together or serving to fragment it. When a community is facing a difficult time, the feeling of belonging may get stronger and people may recognize that concerted effort is needed to maintain what it is that they value. At the same time, however, hardship can

also weaken the sense of belonging, pessimistic attitudes may increase and make people less willing to cooperate. Even though KDPs on the Isthmus considered that sense of community was strong, some suggested that part of community spirit had been lost because of the difficult economic situation:

People are more bitter at each other and it is not the friendly atmosphere that always was there. And if you meet someone on the street and stop to have a discussion, usually it is all about the dooms and glooms and not the regular things in life (Politician, Long Harbour area).

#### **5.4.2 Public participation and volunteerism**

In Smith's normative model, public participation and volunteerism were considered as two separate sub-themes of community support. It is difficult to distinguish between the two and for that reason they are discussed together here. Three aspects of public involvement are considered: what *roles* do the leaders see the public playing; how much is the public *perceived* to be *willing* to be involved; and, to what degree is the public *actually* involved?

Judging from the responses to question B3, KDPs, which are the leaders in most cases, recognize the importance of public involvement in community development (Table 5.29). There is little difference between the responses from the Bonavista Headland and the Isthmus as KDPs in both areas overwhelmingly advocated partnership between the general public and those responsible for the development process (69 per cent on the Bonavista Headland and 71.9 per cent on the Isthmus). The second most common response in both regions is that public opinion should be incorporated into the

development process. Altogether, 88.7 per cent of KDPs on the Bonavista Headland and 92.3 per cent on the Isthmus feel that the public should be involved to some degree.

**Table 5.29 Public participation (Question B3)**

How important should the general public be in the community development process?		
Level of Public Participation	Percentage of responses	
	Bonavista	Isthmus
1. They should have complete control over the development process	0.0%	1.6%
2. They should be given control over some parts of the development process	5.6%	0.0%
3. There should be a partnership and exchange of ideas between the general public and those responsible for the development process	69.0%	71.9%
4. Their opinions should be incorporated into the development process	14.1%	18.8%
5. They should be asked their opinions about the development process	8.5%	6.2%
6. They should be given information about the development process	1.4%	1.6%
7. They should have no involvement at all.	1.4%	0.0%

The results from question B3 clearly indicate that the leaders feel that the public should be involved but whether the public is *willing* to take part in development is a different matter. Questions C10 (Table 5.30), C11 (Table 5.31) and C12 (Table 5.32) were designed to look at the KDPs' perception of community support, how willing they considered people were to volunteer their time, and how willing people were to play an active role in planning for development.

**Table 5.30 Community support to development (Question C10)**

People here have always been supportive of community development projects.			
	Disagree	Indifferent	Agree
Isthmus	23.9%	6.0%	70.1%
Bonavista Headland	20.0%	15.7%	64.3%

t-value = 0.67, p = 0.503 (not significant)

**Table 5.31 Public involvement in planning (Question C11)**

People here want to have an active part in planning this community's development.			
	Disagree	Indifferent	Agree
Isthmus	28.3%	6.0%	65.7%
Bonavista Headland	15.5%	11.3%	73.2%

t-value = -1.68, p = 0.096 (not significant)

**Table 5.32 Volunteerism and development (Question C12)**

People here are willing to volunteer their time to community development projects.			
	Disagree	Indifferent	Agree
Isthmus	20.9%	7.5%	71.6%
Bonavista Headland	18.6%	18.6%	62.8%

t-value = 0.20, p = 0.840 (not significant)

Both on the Isthmus and the Bonavista Headland the public is perceived to be supportive and willing to be involved in community development and the t-test does not reveal any significant difference between the regions.

Although the public is seen to be willing to participate, the issue appears to be less clear when *actual* participation was examined more closely through the interviews. Some

respondents stated that public participation is good or at least the public is very much willing to be involved if it gets the necessary and appropriate support to do so:

By my account, public participation is alive and well. I would estimate that there are between 30 and 50 people in this area alone (Port Union/Catalina) who are extremely committed to the process -- and they are all unpaid volunteers (Politician, Bonavista. Smith, 1997:238).

I think that there are people out there that are willing to work to achieve things for their community but they also need support from groups like the zone board or rural development, they can't always do it on their own. But they do have the ideas and I think they are willing to put in some time and effort into development ideas (Development worker, Come By Chance area).

In each community there appears to be a core group of volunteers which is involved in many things while the rest of the community lay back. Because of this, it is always the same people doing things and the danger is that they become "burned out":

No one is just involved with one group, they are probably involved in three or four, and then there is a large group of people that are not involved in anything (Development worker, Come By Chance area).

We need many more people to get involved. There is a fair bit of volunteer work that goes on but it's always the same people (Development worker, Catalina area. Smith. 1997:238).

One of the more obvious ways by which the public can show interest is by participating in public meetings in their community. Many KDPs on the Isthmus commented on this matter in the interviews and generally agreed that if people consider an issue important to them, they will show up when there are public meetings:

When we have meetings we get a good turn out of people to come and hear what we have to say as town leaders. People at large are interested, they want to see where the economy of the community is going and how we are going to get there (Politician, Long Harbour area).

Sometimes it seems that if there is a particular issue that you are dealing with, let's say an issue that is a little emotional or something that people feel strongly about, then you will get a bigger turn out (Politician, Come By Chance area).

However, many of the interviewees agreed that it is getting harder to motivate people and get them to participate. Various suggestions were made as why there is a lack of motivation. The reason most frequently mentioned was that people are too busy doing other things, they are "overworked", "overstressed" or "volunteered out":

Interest seems to have been going down because people are just too busy trying to survive themselves. And even though they are still interested in the region they just don't have the time to put into volunteer work because they are just too busy trying to survive (Development worker, Long Harbour area).

It was also suggested that people lack interest because they lack knowledge about community development and how it is supposed to work:

The majority of the people of the region do not truly understand what this [the zone approach] is about ... people are more concerned for themselves and their future individually than the future of the region (Development worker, Clarenville).

One politician from the Come By Chance area even went so far as to say that the volunteer spirit was gone:

I don't think people like to do anything for nothing. I really don't think they want to waste their time for nothing. The volunteerism is gone (Politician, Come By Chance).

With respect to differences among communities, the decision tree analysis uncovered community differences on the Bonavista Headland when it comes to

supporting community development projects, while on the Isthmus there are community differences with respect to the matter of volunteering time.

**Table 5.33 Community support to development: community differences on the Bonavista Headland (Question C10)**

People here have always been supportive of community development projects.			
Bonavista Headland	Disagree	Indifferent	Agree
Bonavista	33.3%	22.2%	44.4%
Catalina Area	18.5%	7.4%	74.1%
King's Cove Area	0.0%	13.3%	80.0%

$p = 0.0017$

**Table 5.34 Volunteerism and development: community differences on the Isthmus (Question C12)**

People here are willing to volunteer their time to community development projects.			
Isthmus	Disagree	Indifferent	Agree
Clareville	4.0%	8.0%	88.8%
Come By Chance Area	23.1%	7.7%	69.2%
Long Harbour Area	43.8%	6.2%	50.0%

$p = 0.0250$

The smallest communities on the Bonavista Headland, in the King's Cove area, reported the greatest support (80 per cent) as compared to Bonavista, the largest community, where only 44.4 per cent of KDPs considered the general public to be supportive (Table 5.33). The opposite is true on the Isthmus where people in Clareville appear most willing to volunteer their time (88.8 per cent), the Come By Chance area falls in between (69.2 per cent) but in the Long Harbour area people appear least willing to

volunteer (50 per cent) (Table 5.34). Smith (1997:253) suggests that lack of public support in Bonavista may be explained by the larger population base since “more people living in a community means more varying interest groups and an increased potential for disagreement on a course of development action.”

This may be true for Bonavista, but, as the results from the Isthmus suggest, the size of the population base does not totally explain the difference in support reported. On the Isthmus, the community differences are more likely to be related to positive attitudes and the economic situation in each of these three areas. As discussed in the entrepreneurial section, the most positive attitudes seem to be in Clarendville while people in the Long Harbour area appeared to be the most pessimistic. It may be harder for people to get motivated if they do not believe in the future, and they may lose interest if nothing seems to be going in the right direction. As a politician from Long Harbour area described it:

I have noticed you hardly see people moving, things are quiet, there is no activity going on and people are keeping to themselves more. When the plant was operating this town was just a boom, all kinds of organizations and activities (Politician, Long Harbour area).

### **5.4.3 Community capital**

Mobilizing community capital is one way of showing commitment to the development process. Participation in activities such as local fundraising shows that people are not only willing to volunteer their time to development but also their money. The issue of local capital has already been touched on. It is clear that there are some differences between the Bonavista Headland and the Isthmus with respect to where respondents think

money for development activities should come from. In both areas, senior levels of government are considered important sources of funding. On the Isthmus, however, the local business sector was considered to be the most important funding source.

Development groups and volunteers were only seen to play a minor role in this respect. In spite of this, the majority of KDPs on the Isthmus (67.2 per cent) perceived the public as being very willing to participate in local fundraising for community development (Table 5.35).

**Table 5.35 Local fundraising: Isthmus (Question C13)**

People here are willing to participate in local fundraising for community development.			
	Disagree	Indifferent	Agree
Isthmus	17.9%	14.9%	67.2%

It is not always easy to make the distinction between fundraising for community economic development and fundraising for local charities. Much depends on the perspective on CED: whether the economic aspect is the only thing to consider or whether social and cultural projects can be included as well. If CED is truly a comprehensive approach, as argued in Chapter 2, the spectrum of local projects which can be considered as CED projects is quite broad. Looking only at those development projects aimed at creating jobs, one may come to the conclusion that local fundraising is not something that occurs on either the Bonavista Headland or the Isthmus. Taking the integrated perspective, however, a variety of projects have been carried out with help from local people in the form of fundraising. For example, on the Bonavista Headland a collective

effort was made to raise money for the renovation of the King's Cove lighthouse. On the Isthmus, a recreation complex has been built in Arnold's Cove with money generated from local fundraising events, two communities have published books on their history which were mainly funded from within the community, and playgrounds and parks have been developed by local volunteer groups. A walking trail in Sunnyside is a further example where community support has been shown through local fundraising. In this case, local fundraising at the outset of the project proved the commitment of the community and helped in gaining outside support to supplement local capital.

Projects like these are not directed towards improving the economy of the communities directly but are aimed at improving social conditions or increasing pride in the community. It is as though people see "economic development" and "community development" as two separate things, where government and the business sector are responsible for providing funding for the former, but local fundraising organized by residents is appropriate for the latter. If people see something positive coming out of a fundraising event, something that benefits their community, they seem to be quite willing to participate. In the words of a politician from the Come By Chance area:

As bad off as we are and as little as we've got, there is always a hand in the pocket to give. They give more than they get, sometimes far more than they possibly can afford (Politician. Come By Chance area).

#### 5.4.4 Cooperation and partnership

##### 5.4.4.1 Co-operation among communities

Regionalization and co-operation among communities seem to be the key words in the approach to development in Newfoundland today. They represent the foundation for the economic zones and for that process to work communities are required to co-operate with one another in promoting the region as a whole rather than just focusing on their individual communities. The majority of respondents from both the Isthmus and the Bonavista Headland appear to agree with a regional approach according to responses to question A1 (Table 5.36). Even though the issue appears to have more support on the Isthmus, the t-test does not indicate significant difference between the regions.

**Table 5.36 Regional development strategy (Question A1)**

This community would benefit more from a regional, rather than a community-based development strategy.			
	Disagree	Indifferent	Agree
Isthmus	23.1%	7.7%	69.2%
Bonavista Headland	26.8%	14.0%	59.2%

t-value = 0.37, p = 0.715 (not significant)

The vehicle for the regional approach in the area is the Discovery Regional Development Board (DRDB). When the data were collected on the Bonavista Headland, the zonal process had just started and was probably not so much of an issue at the time. When the data were collected on the Isthmus, however, a zone board had been formed, meetings had been held throughout the region and the board was in the final stages of

completing a strategic plan for the zone. Because of that there was more awareness of the zonal approach on the Isthmus and most KDPs commented on the process. Generally KDPs were positive towards the Board and towards the whole approach and thought it could do good things if it was just given time:

I think that if we genuinely work together to try to help each other and try to look at what is best for the region and for the area and share our ideas, I think it [the zone approach] is going to be positive. I can't see it being not positive (Politician. Come By Chance area).

While this is the kind of attitude most people expressed, some were more sceptical, expressing the views that the zone covered too big an area, that the communities had such different economies and therefore it would not work, and that it was just put in place to get rid of the development associations. Overall, however, attitudes were positive and the need to work together recognized.

A variety of reasons was given for why a regional approach should be adopted. For example, impacts from the industrial projects are felt throughout the area and therefore the region as a whole needs to address issues related to these projects. Also, to efficiently use the limited sources of capital allocated for education in the region, the communities have to co-operate and adopt a regional approach. The interaction between Clarendville and surrounding communities calls for a regional rather than community-based development, at least from the perspective of KDPs in Clarendville:

We are not just interested in the town of Clarendville, we are interested in the region because for the simple reason ... if the surrounding areas go, so goes Clarendville ... If Catalina gets economic prosperity then that prosperity is going to spin-off here ... businesses are only going to continue operation if there is fairly decent buying power and the buying power is out there in the rural areas (Politician, Clarendville).

Recognizing the need for co-operation and a regional approach is one thing, but the extent to which communities and groups are *actually* working together appears to be rather different.

**Table 5.37 Co-operation among communities (Question C14)**

There is little cooperation between <i>towns</i> in this region in community development.			
	Disagree	Indifferent	Agree
Isthmus	29.9%	13.4%	56.7%
Bonavista Headland	26.8%	12.6%	60.6%

t-value = -0.37, p = 0.711 (not significant)

The majority of respondents in both areas believe that there is *not* much co-operation between towns in the region when it comes to community development (Table 5.37). Even though the t-test does not reveal a significant difference between the Bonavista Headland and the Isthmus, the interviews indicate that lack of co-operation is more of a problem on the Bonavista Headland. Smith (1997) even goes so far as to say that this lack of co-operation among communities is probably the most critical issue facing development in the region. A development worker from Bonavista describes the seriousness of the situation in the area when saying:

I've seen rivalries between communities in Newfoundland but never like I've seen between these communities. There is such a mistrust between these towns, they are blinded to what a cooperative effort could accomplish. The conflict is to the point where it is debilitating ... it actually stands in the way of development (Development worker, Bonavista. Smith, 1997:242).

The conflict referred to is between the town of Bonavista and the Catalina region (Catalina, Little Catalina, Port Union and Melrose). The origin of the conflict is not clear and seems to go back several generations. The main source of conflict in the last few years was a proposal to move the operations of the Bonavista fish plant to the vacant plant in Port Union. The tension between the communities was so great that many Bonavista residents stated that they would rather have seen the plant leave the area altogether than have it moved to Port Union. This particular issue, however, has now been settled as the Port Union plant has been changed to a shrimp processing plant while the Bonavista plant will continue as a crab processing operation.

On the Isthmus, over half of the KDPs feel that communities are not working together, but there is no evidence of such a deep rooted conflict as on the Bonavista Headland. Most of the KDPs also argued that this lack of co-operation needs to be overcome. However, getting communities to actually support a regional perspective can be difficult, particularly when communities are afraid of losing some of their services to other communities. A volunteer from the Come By Chance area describes how people are willing to help each other in an emergency but not when it comes to development issues:

[co-operation] all depends on the reason. If there was a forest fire threatening any community here you would have every single community pulling together to fight the fire. If there was someone lost, you would have the same thing. If you wanted to move that school from this community to a neighbouring community -- NO ... When it comes to an emergency you get people ... but when it comes to taking a resource which people value -- NO (Volunteer, Come By Chance area).

Nevertheless, schools and education are one of the issues which communities in the area have to address together. When financial resources are limited and the population of

communities is declining the need to co-operate becomes even greater. It has been argued that no matter how emotional people are about schools, the communities have to work together to provide the best education possible, otherwise they would be doing the youth of the area an injustice:

For us in this area to be operating three schools with 10 or 12 children in class, it is absolutely ridiculous, absolutely ridiculous ... but education is an emotional issue and it is unfortunate that the children are the ones that are going to suffer for it. Nobody wants to see their school closed but I don't want to see my little girl not being able to go on to university because of it either (Politician, Come By Chance area).

This is not to suggest that there are no examples of successful co-operation concerning economic development between communities and groups on the Isthmus. The Bull Arm Area Coordinating Committee (BAACC), for example, which was set up to maximize local benefits of the Hibernia project and to keep local residents informed about the project, was made up of a number of representatives from communities, organizations and interest groups in the immediate area of the Bull Arm site, and most KDPs considered the committee to have been successful in fulfilling its mandate. Another example is the co-operation between Long Harbour and Placentia in lobbying for the Voisey's Bay smelter/refinery. Respondents from the Long Harbour area considered that example of co-operation to be a showcase of what could be done if communities joined forces instead of fighting for the same piece of the pie.

#### 5.4.4.2 Co-operation among groups

Groups were generally believed to be able to work better together than communities as responses to question C15 indicate (Table 5.38). On the Isthmus 66.7 per cent believed there is co-operation among groups, such as development associations, Lions Clubs and fire departments. On the Bonavista Headland 52.1 per cent of KDPs perceived co-operation among groups to be good. In spite of this, Smith (1997) reports a number of examples on the Bonavista Headland where groups have failed to work together and which has led to conflicts among groups and duplication of efforts. No such conflicts were reported on the Isthmus. That does not necessarily mean that all groups are working well together (there are still 30.3 per cent who believe there is not much co-operation between groups on the Isthmus) but it may indicate that lack of co-operation between groups is not considered to be such a big issue.

**Table 5.38 Co-operation among groups (Question C 15)**

There is little cooperation between groups in this town in community development.			
	Disagree	Indifferent	Agree
Isthmus	66.7%	3.0%	30.3%
Bonavista Headland	52.1%	9.9%	38.0%

t-value = -1.90, p = 0.059 (not significant)

#### 5.4.5 Summary of community support

Overall, the results from the questionnaire surveys did not reveal much difference between the Bonavista Headland and the Isthmus with respect to community support.

The information from the interviews, however, suggests that attitudes in the two regions are not quite so homogenous for all the sub-themes associated with community support.

The key things regarding community support are:

1. A strong sense of community was reported on both the Bonavista Headland and on the Isthmus.
2. KDPs in both areas agreed that the public *should* be involved in development and they also perceived the public as *willing* to participate.
3. The public is perceived to be willing to show support and commitment by participating in events such as local fundraising. It appears that local fundraising is primarily used for social or cultural projects, but not for economic projects. This suggests that the general public does not see economic development as something for which they have a responsibility.
4. On both the Bonavista Headland and the Isthmus, a regional approach to development is perceived to have more benefits for communities than a community-based strategy.
5. Responses to the questionnaire surveys suggest lack of co-operation among communities in both areas. Lack of co-operation seems to have been a more serious problem on the Bonavista Headland.
6. Groups are perceived to be able to work together better than communities in both areas. However, information from the interviews suggest more conflicts and less success in this regard on the Bonavista Headland than on the Isthmus.

## **5.5 Planned process**

The questionnaire for the Isthmus included five questions regarding the planning process, two of which were also included in the Bonavista Headland study. The sub-theme of participatory process overlaps with the issue of participation and volunteerism considered under community support and therefore the discussion regarding that theme is limited in this section. The sub-themes of flexible and accountable development were not directly addressed in the study. These are elements which are perhaps more meaningfully explored when the development process is well-established rather than in the early stages as is the situation for the zone board in the study areas. The discussion starts with issues related to economic planning (section 5.5.1) and the long-term nature of the process (section 5.5.2), before addressing the issue of development as a knowledge-based process (section 5.5.3). The Bonavista Headland study did not address this latter theme and therefore the results presented there are only from the Isthmus.

### **5.5.1 Economic plans**

Community economic development does not happen without planning, nor does it happen overnight. It is a long-term, planned process based on an in-depth knowledge of the community, and having a development plan is a basic requirement. The need for a development plan is recognized on both the Bonavista Headland and on the Isthmus. with an overwhelming majority of KDPs in both regions stating that an economic development plan is important (93 per cent and 89.5 per cent respectively – Table 5.39).

**Table 5.39 Economic development plan (Question A18)**

How important is it to have an economic development plan for this community?			
	Not important	Somewhat important	Important
Isthmus	1.5%	9.0%	89.5%
Bonavista Headland	1.4%	3.6%	93.0%

t-value = -0.38, p = 0.705 (not significant)

The decision tree analysis did reveal a slight difference among communities on the Bonavista Headland. Having an economic development plan is most strongly supported by KDPs in Bonavista (100 per cent), while in the King's Cove area 80 per cent of respondents considered the issue important, and 20 per cent somewhat important (Table 5.40).

**Table 5.40 Economic development plan: community differences on the Bonavista Headland (Question A18)**

How important is it to have an economic development plan for this community?			
Bonavista Headland	Not important	Somewhat important	Important
Bonavista	0.0%	0.0%	100.0%
Catalina Area	3.7%	3.7%	92.6%
King's Cove Area	0.0%	20.0%	80.0%

p = 0.0435

Even though no differences were identified among communities on the Isthmus, KDPs from Clarendville made more comments about the need for planning or the need for a development officer who would be responsible for developing a plan. Taken as a whole, this suggests that the benefits of having an economic development plan are

emphasized more in the larger communities. Developing an economic development plan is costly and may be seen as less effective for smaller communities. As a comment from one respondent from the King's Cove area suggests:

What would we do with an economic development plan? We don't have any industry -- not even a store. We've got to go to King's Cove or Keels for a loaf of bread. A plan is fine to have, but we'd have to include Bonavista and the whole Peninsula, especially for tourism (King's Cove. Smith, 1997:256).

While the need for an economic development plan has been recognized in both areas at least within the target communities, so far there has not been much done about it.

A politician from Clarenville comments on this when saying:

Economic development is something that the Town of Clarenville has never seriously taken a look at. We have been fortunate because of the location of the town. We as a town have never gone out and lobbied and taken a proactive move in trying to show that the Town of Clarenville has potential (Politician. Clarenville).

Traditionally, economic development planning has not been a municipal responsibility and that may be one of the reasons for lack of planning at the community level. Smith (1997) suggests that the inconsistency between the perceived need for economic plans and the actual action taken in that direction can perhaps be attributed to popular notions of "planning for the future" presented in a variety of media. People have become familiar with the notion and the responses may once again reflect this general motherhood concept rather than a true understanding of and support for planning and the planning process. Furthermore, the cost of developing a plan may diminish the feasibility of undertaking such action.

Although there is a lack of economic planning at the community level, planning effort has recently been undertaken at the regional level with the Board putting together an economic development plan for the whole zone. The advantage of a regional plan compared to a community plan is that it looks at development in a larger context and identifies the vision and goals for the whole area. However, the zone plan cannot make up for the lack of community plans. Each of the zones covers a large area and includes many communities. Although zone plans can consider sub-regions within the zone, the trade-off for the larger context is that the plan tends to be general and may not address the specific needs of individual communities within the zone. For the communities to take full advantage of the growth sectors identified in the zone plan, they have to identify their own strengths, weaknesses and opportunities. As such, they may need their own economic development plan or at the very least consider how their goals can be fit with the zone plan.

### **5.5.2 CED as a long-term process**

Time is also a critical factor in economic development and, as pointed out in section 2.3.4.4, one needs to think in terms of a 10-15 year time frame (at least) for developing a stable economy in an underdeveloped region. However, judging from the responses to question A21 the KDPs on the Bonavista Headland, and particularly on the Isthmus, are clearly not looking at development as a long-term process (Table 5.41). On the Isthmus, almost 70 per cent of respondents consider it to take five years or less to develop a healthy stable economy and over 90 per cent think it will take less than a decade. As for the

Bonavista Headland, about a quarter of respondents believe that development of a healthy stable economy will take between one and five years and just under 70 per cent consider it to take ten years or less.

**Table 5.41 Time for development (Question A21)**

How long do you think it would take for this community to develop a healthy, stable economy?		
Time for development	Percentage of responses	
	Bonavista Headland	Isthmus
This community already has a healthy, stable economy	na	16.1%
Less than 1 year	0.0%	3.2%
Between 1 and 5 years	24.6%	50.0%
Between 6 and 10 years	43.5%	22.6%
Between 11 and 20 years	21.7%	1.6%
Over 20 years	2.9%	1.6%
This community will never develop a healthy stable, economy	7.2%	4.8%

It is not hard to see why KDPs on the Isthmus are more optimistic about the future status of their local economy. At the time when the data were collected, a number of projects had been proposed for the area: the smelter/refinery for Argentinia, an industrial park in Long Harbour, further use of the Bull Arm site, and a power-generation facility at Come By Chance. In addition, the oil refinery was providing stable year-round employment, National Sea Products had just started a new shift with 120 new people hired, and the construction of the Transshipment terminal at Whiffen Head was proceeding. Assuming that these proposed projects were to come through in the next couple of years, people were anticipating the economy of the area to boom. Whether this

will create a healthy, stable economy is perhaps debatable, and it is also questionable whether this is *development* as the term is conceived in the CED literature.

The situation on the Bonavista Headland was not as promising when the data were collected there. The moratorium had been in place for a few years, all attempts to find businesses willing to take over the vacant fish plants in the area had failed, and no real change was in sight. It is, therefore, surprising that in spite of this bleak outlook, and in spite of the very negative attitude towards the future which was observed in the area, almost 70 per cent of respondents consider that the area could have a healthy stable economy within a decade. This raises the question as to what people actually consider a healthy stable economy to be, and in this particular case what would drive it. The responses may also indicate that the question itself was problematic. The KDPs were not given any definition and not asked to explain their understanding of the concept, so there is no way of knowing whether they were thinking in terms of the same kind of economy that they had before the moratorium, or if they were considering something more diversified and less dependent on a single resource. Another issue is whether people were in fact able to develop a long-term vision at this time. When people are faced with a harsh economic situation, they are more likely to be looking for immediate solutions and not to be thinking about what will happen in the longer term.

Considering the question of the time frame for development, it is interesting that, in the interviews, when asked about development and particularly what the zone board is trying to do, many KDPs on the Isthmus were more realistic concerning the longer time frame:

It is going to take time, it is not something that is going to be an overnight success, it is going to take a lot of time and a lot of patience (Development worker, Clareville).

I think it WILL work, it looks like what we are doing will work, but it is going to take a long process and I don't know if it is going to work quick enough (Volunteer, Come By Chance area).

### 5.5.3 CED as a knowledge-based process

The CED literature emphasizes that CED is a knowledge-based process meaning that the strengths, weaknesses, opportunities and constraints facing the community have to be identified. The process can also include informing the general public of what is happening with respect to development, and providing the opportunity to learn from other communities' experiences. KDPs on the Isthmus seem fairly certain that the general public is well informed of what is happening in development (70.1 per cent - Table 5.42) and that the community can learn from experience elsewhere (77.6 per cent - Table 5.43).

They are not as sure about how well the strengths, weaknesses and opportunities have been identified, although almost 50 per cent of respondents believe that has been done successfully (Table 5.44).

**Table 5.42 Well-informed public: Isthmus (Question C8)**

People here are generally well-informed of what is happening with respect to development in this community.			
	Disagree	Indifferent	Agree
Isthmus	22.4%	7.5%	70.1%

**Table 5.43 Learning from experience: Isthmus (Question A12)**

This community can learn a lot from other towns' approaches to community development.			
	Disagree	Indifferent	Agree
Isthmus	11.9%	10.4%	77.6%

**Table 5.44 Strengths, weaknesses and opportunities: Isthmus (Question A8)**

This community has clearly identified its strengths, weaknesses and opportunities for local development.			
	Disagree	Indifferent	Agree
Isthmus	34.3%	17.9%	47.8%

In the interviews, there was little indication that the communities on the Isthmus have made much effort to learn about the CED process *in general* from other communities. However, when it comes to *particular projects*, attempts have been made to go out and see how similar projects have functioned in other towns, and how communities can make the most of them. Before the Telecentre in Clarendville first opened, a group of people went to Europe to look at similar operations there and to find out what could be learned from that experience. When it became clear that the construction of the Hibernia platform would be on the Isthmus, representatives from the area visited other towns where similar major construction projects had taken place to gather information about the impacts which the project was likely to have. The same thing has happened in Long Harbour where efforts have been made to redevelop the Albright & Wilson site. Representatives from Long Harbour have travelled elsewhere to look at the pros and cons of projects that have been proposed for the site.

All of these efforts have been directed towards learning about impacts from particular projects rather than learning about the community development process. Clarendville, however, has just recently taken a step in learning about CED practice. A committee has been formed to address the need for an economic development officer for the town. One of the tasks of the committee is to contact other towns which have economic development officers to learn about the mandate, skills required, and terms of employment of the officers hired.

Keeping the public informed of what is happening in development can increase the support for the process and prevent misconceptions about both the process and practices. The majority of respondents on the Isthmus believe that the general public is well-informed about what is going on in economic development. A closer look at the area indicates, however, that there is a significant difference among communities (Table 5.45).

**Table 5.45 Well-informed public: community differences on the Isthmus (Question C8)**

People here are generally well-informed of what is happening with respect to development in this community.			
	Disagree	Indifferent	Agree
Clarendville	24.0%	20.0%	56.0%
Come By Chance Area	23.1%	0.0%	76.9%
Long Harbour Area	18.8%	0.0%	81.2%

$p = 0.0168$

The public is perceived as being best informed in the Long Harbour (81.2 per cent) and Come By Chance areas (76.9 per cent). In a small community information travels

easily and often through informal ways with the result that most residents usually know what is going on in their community. This may be one of the reasons why the general public is considered better informed in the smaller communities on the Isthmus. But there have also been more organized ways of passing on information, such as public meetings. When the construction of the Hibernia platform was underway, one of the mandates of the BAACC was to keep the public in the area informed as to what was happening with the project and its impacts on the area. It was generally agreed by respondents that this task was completed quite successfully. Other organizations in the area have also tried by various means to keep the local public informed, as a politician from the Long Harbour area stated:

They [the public] know very well what is going on both from the town council perspective and the Long Harbour Development Corporation perspective and I think the organization has been very open to the people, we have let them know what is going on, we have no secrets. What is our business is theirs (Politician, Long Harbour area).

In a bigger town there is a greater need for more formal ways of keeping people informed. Clarenville, for example, was the only community where KDPs talked about the need to find better ways to get information to people. The town council, the Board and the Cabot Regional Tourism Initiative were all talking about the need to publish a newsletter to get the message out, and some KDPs were considering the internet as a way of making more people more aware of what is going on. Keeping the public informed can, however, be time consuming:

We started off sending press releases to the local newspaper, keeping everyone on top of it, but that was just taking up so much time that we were not actually going out and

doing things. So it is only now or then that we get coverage in the local press. It is sometimes hard to keep everyone informed (Development worker, Clarendville).

Publishing newsletters or having a home page on the internet is fine as long as people pay attention to it. There were some, however, that stated that the problem was not so much a lack of information but that many people were not interested in finding out, at least not until an issue caught their attention:

People in Clarendville have no idea of what is going on. They just don't listen most of the time (Politician, Clarendville).

#### **5.5.4 CED as a participatory, flexible and accountable process**

According to the normative model, the planned process should be participatory and flexible and those involved in it accountable. These three sub-themes were not directly addressed in the research, but information about the zone process allows for a brief discussion on these themes. Public involvement and volunteerism have already been discussed in section 5.4.2. With regard to direct participation in development *planning* the zone approach requires much more involvement from local people than development approaches in the past. Besides direct involvement of representatives from a variety of special interest groups (such as the Chamber of Commerce, municipalities, education, rural development, and fishermen's committees) in the development of the strategic economic plan (SEP) for the zone, attempts were made to involve the general public in the process of putting the plan together. Among other things, meetings were held

throughout the zone to hear what people in the area thought were the main issues to be addressed in the plan.

Local economies are not static and therefore flexibility should be one of the characteristics of any strategic economic plan. Any plan needs periodic evaluation and revision where necessary. This is stated in the SEP for the Discovery Zone as one of the responsibilities of the Board is to revise the plan to meet changing realities in the global, national, provincial, and regional context (Discovery Regional Development Board, 1997).

One of the reasons for establishing the zones in the first place was to increase accountability in economic development in Newfoundland (see section 2.3.4.4). Performance contracts between each zone board and the provincial government are the key mechanism in this respect. In its SEP the DRDB emphasizes the importance of a monitoring process for the implementation of the SEP. The plan introduces three levels of monitoring checks and balances: the Executive Director reports to a Monitoring and Evaluation Subcommittee. That subcommittee is then responsible to give regular updates to the zone board, and the Board is ultimately responsible for the implementation and monitoring of the SEP. By this it is hoped that “if corrective action is required in any initiative, then the DRDB will have full knowledge of the situation and be able to either correct any problems or revise the SEP to accommodate required changes” (Discovery Regional Development Board, 1997:159). As such the monitoring is a way to address both the issues of accountability and flexibility.

Based on the above, the Board has made an effort to have participation, flexibility and accountability built into the development process. However, the whole process is still young and it remains to be seen whether these issues will actually be efficiently addressed.

#### **5.5.5 Summary of planned process**

For those of the sub-themes which were addressed in both surveys, there does not seem to be a significant difference between the Bonavista Headland and the Isthmus. The key findings are:

1. The need for an economic development plan has been recognized in both areas and particularly in the bigger towns. In spite of this, there has not been much planned economic development in either region and to date little work is being put into developing plans at the community level. The zone board has, however, recently developed a regional strategic economic plan.
2. An overwhelming majority of KDPs consider that a healthy, stable economy can be developed in a decade or less. People on the Isthmus are even more optimistic, many reporting that development can be achieved in five years or less. Given the economic situation in the areas, this short time frame may be unrealistic.
3. The general public on the Isthmus is perceived to be well-informed of what is going on in the communities with respect to development. Nevertheless, the need to find a better way to “get the message out” was recognized in Clarendville.

4. Learning from other communities' experience with CED is considered necessary on the Isthmus, but there has not been much of a concerted effort made in this direction. In the cases where attempts have been made the "learning" has been primarily about projects rather than process.

## **5.6 CED as an holistic development process**

The questionnaire surveys only included two comparable questions on the idea of CED as an holistic development. However, with help from information gathered in the interviews and results from other questions it is possible to make some further comparisons. The two sub-themes considered are "inclusive" development (section 5.6.1) and economic diversity (section 5.6.2).

### **5.6.1 CED as an inclusive and integrative process**

#### *5.6.1.1 Job creation and economic growth*

One of the things which makes CED different from the traditional top-down development approach is the inclusion and integration of social, cultural and environmental issues as well as economic issues. In practice, however, when there is a limited amount of capital which can be spent on development, and when the need for jobs is critical, the non-economic factors tend to be left out. The results from the Bonavista Headland and the Isthmus illustrate this -- the greater the need for jobs, the less emphasis put on social and environmental development. Responses to questions A7 and A13 indicate the importance placed on economic growth and job creation.

**Table 5.46 Economic growth (Question A13)**

Economic growth should be the main goal of this community.			
	Disagree	Indifferent	Agree
Isthmus	9.0%	6.0%	85.0%
Bonavista Headland	5.6%	4.2%	90.1%

t-value = -1.27, p = 0.207 (not significant)

**Table 5.47 Job creation as a measure of success (Question A7)**

The only true measure of success in community development is job creation.			
	Disagree	Indifferent	Agree
Isthmus	47.0%	3.0%	50.0%
Bonavista Headland	23.9%	4.2%	71.9%

t-value = -2.88, p = 0.005 (significant)

There is no significant difference between the Bonavista Headland and the Isthmus on the issue of economic growth being the main goal of the community as 90.1 per cent of respondents from the Bonavista Headland and 85 per cent from the Isthmus agree on this (Question A13, Table 5.46). As pointed out in section 2.3.4.5 there is a difference between growth and development and in CED the focus is on *development*. The fact that the overwhelming majority of KDPs favour economic growth may indicate that people are thinking more along the lines of traditional development. However, it could also mean that they have not made the distinction between the concepts of growth and development.

The areas are not as homogenous in their attitudes towards job creation as the only true measure of success in community development. On the Bonavista Headland 71.1 per cent of respondents agree that job creation is the main measure of success, compared to

only 50 per cent of KDPs from the Isthmus (Question A7, Table 5.47). The t-test reveals a significant difference between the regions. The most obvious reason for this difference is the economic situation in the two areas; the unemployment rate is higher on the Bonavista Headland and job creation seems to be more of an issue there. The fact that the decision tree analysis reveals community differences on the Isthmus where the most depressed area reports the highest support for the notion of job creation, further supports the linkage between the economic situation and importance of job creation in development. While 80 per cent of respondents from the Long Harbour area consider job creation the main measure of success, only 32 per cent of respondents from Clarenville feel that way (Table 5.48). The Long Harbour area has had high unemployment rates ever since Albright & Wilson closed its plant in 1989. The perceived need for employment is therefore probably a key factor in how people responded to question A7. Clarenville on the other hand, has had lower unemployment rates than the other areas on the Isthmus and therefore job creation is not such a major issue there.

**Table 5.48 Job creation: community differences on the Isthmus (Question A7)**

The only true measure of success in community development is job creation.			
Isthmus	Disagree	Indifferent	Agree
Clarenville	64.0%	4.0%	32.0%
Come By Chance Area	46.2%	3.8%	50.0%
Long Harbour Area	20.0%	0.0%	80.0%

$p = 0.01271$

### 5.6.1.2 Social and environmental issues

With economic growth and, to a lesser degree, job creation, as the focus of community development, it might be expected that other issues, such as social, cultural and environmental issues, were considered only minor factors in development. This does not seem to be the case on the Bonavista Headland, where 83.1 per cent of respondents consider environmental issues important (Table 5.49) and 81.7 per cent see social issues as important in community development (Table 5.50).

**Table 5.49 Environmental issues in development: Bonavista Headland (Question A9 Bonavista Headland survey)**

How important are environmental issues in community development?			
	Not important	Somewhat important	Important
Bonavista	2.8%	14.1%	83.1%

**Table 5.50 Social issues in development: Bonavista Headland (Question A10 Bonavista Headland survey)**

How important are social issues in community development?			
	Not important	Somewhat important	Important
Bonavista	2.8%	15.5%	81.7%

This indicates that KDPs on the Bonavista Headland are willing to consider other factors besides economic factors when it comes to development in spite of how they responded to the questions about economic growth and job creation. However, Smith (1997) warns that these results may have more to do with shortcomings in the questionnaire -- it may

have been too easy to report these issues as very important without considering the implication of trade-offs with respect to economic issues.

To address this problem, the question used on the Isthmus was designed differently. Respondents were asked to indicate the *relative* importance of economic, social and environmental issues (Question A19, Table 5.51). As a result, differences are revealed where social and environmental issues score significantly lower than economic issues.

**Table 5.51 Economic, social and environmental issues in development: Isthmus (Question A19)**

How important are the following issues in relation to each other in community development? (please allocate the percent of importance for each with the total to be 100%)			
	Average score		
	economic issues	social issues	environmental issues
Isthmus	46.2%	26.4%	27.4%

The average score for communities reveals further differences on the Isthmus (Table 5.52).

**Table 5.52 Economic, social and environmental issues in development: community differences on the Isthmus (Question A19)**

How important are the following issues in relation to each other in community development? (please allocate the percent of importance for each with the total to be 100%)			
	Average score		
	economic issues	social issues	environmental issues
Clarendville	47.2%	29.3%	23.5%
Come By Chance area	44.4%	24.3%	31.3%
Long Harbour area	47.5%	25%	27.5%

Clarendville and the Long Harbour area are similar with respect to economic issues, the average score being 47.2 per cent and 47.5 per cent respectively. Clarendville, however, differs from the other two areas when it comes to social issues which appear to be more important there than on the rest of the Isthmus. Environmental issues are the least important issues in Clarendville in contrast to the other regions, where environmental issues are considered more important than social factors. This is particularly true in the Come By Chance area, where the average score for environmental issues is 31.3 per cent. It is no surprise that the environment is getting more attention outside of Clarendville. So far the town has not had to face any severe environmental problems, but, as reported in Chapter 3, both the Long Harbour and the Come By Chance areas have had to deal with problems which are related to heavy industry in the regions. The phosphorus plant in Long Harbour caused some serious environmental problems during the time it was in operation and over the last few years a major clean up has been taking place at the site so it can be redeveloped. The same is true for the Come By Chance area. For years people have been concerned about air pollution from the oil refinery. The issue, however, is a very delicate one as a number of KDPs stressed in the interviews. In the end it seems that jobs are assigned the greatest value:

I think people here are quite concerned about the environment, but on the other hand no one wants to threaten the jobs there and that is where the trade-off comes into play. No one wants to see the refinery shut down because the jobs there are really important, they give employment to the whole area. But people are concerned about what is in the air (Development worker, Come By Chance area).

If you bring in oil industry you hurt the environment and there is the controversy, should you hurt the jobs or hurt the environment? (Development worker, Come By Chance area).

Everyone is cautious over environmental issues but I think we have to be a bit realistic too. If you don't have an industry you have what we have in this province today, unemployment and social problems and that is to me the biggest environmental problem we have in this province (Politician, Long Harbour area).

### **5.6.2 CED and economic diversity**

Being dependent on a few sources of employment can make communities vulnerable.

One aspect of CED is to move away from that by attempting to diversify the economy.

While the Bonavista Headland and the Isthmus are quite different with respect to their economies, both areas have, at some point, experienced the downside of being so dependent on a few sources of employment. When the oil refinery in Come By Chance went bankrupt in 1976 almost 500 people were left without jobs and had to seek other opportunities. The same happened when the phosphorus plant in Long Harbour closed in 1989, approximately 300 people became unemployed. As for the Bonavista Headland, following the moratorium in 1992 the region experienced severe unemployment and with the groundfish fishery remaining closed the economy of the area is still suffering. Given the vulnerability that comes with depending on only a few sources of employment, one might expect that the need to diversify the economy would have been recognized. The results from the surveys, however, give a mixed message about the extent to which this has been recognized and the extent to which people see diversification of the economy as actually being feasible.

In section 5.2.1.2 it was indicated that a little over 50 per cent of respondents from the Bonavista Headland think that the economy of the area could be based on something

other than the fishery (Table 5.3), which is contrary to the overall negative attitude towards the future (Table 5.1). This is also contrary to the responses of 64.8 per cent of KDPs who believe that the fishery will always be the most important source of employment in the area (Table 5.53).

**Table 5.53 The fishery as a source of employment: Bonavista Headland (Question A2 Bonavista Headland survey)**

The fishery will always be the main employer in this community.			
	Disagree	Indifferent	Agree
Bonavista Headland	31.0%	4.2%	64.8%

If the fishery is always going to be the main employer in the area, something has to change from the situation as it is now. Either the fishery has to return to what it was, or it has to be diversified into harvesting and processing other species besides groundfish. Both of these could happen judging from the responses from the Bonavista Headland, as approximately 50 per cent of respondents believe that the fishery will completely recover (Table 5.54) and 55 per cent believe that jobs in other non-ground-fish fisheries can replace the jobs lost in the moratorium (Table 5.55).

**Table 5.54 Recovery of the fishery: Bonavista Headland (Question A1 Bonavista Headland survey)**

The fishing industry in this region will completely recover.			
	Disagree	Indifferent	Agree
Bonavista Headland	45.1%	4.2%	50.7%

**Table 5.55 Potential importance of non-groundfish fisheries: Bonavista Headland (Question A3 Bonavista Headland survey)**

Most of the jobs lost in the moratorium could be replaced by developing other non-groundfish fisheries.			
	Disagree	Indifferent	Agree
Bonavista Headland	38.0%	7.0%	55.0%

There is a question of how realistic these attitudes are. While it might not be the message that people in the area want to hear, it seems to be generally agreed that the fishery of the future will not be the same as the fishery of the past. There will be fewer jobs and species other than cod will likely play a much bigger role than before. It should be noted that these responses are from 1995 (Smith) and attitudes have likely changed since then with the extension of the moratorium, and recent growth in the shellfish fishery in particular.

In spite of the hopes regarding recovery and/or further development of the fishery, the KDPs appear to have recognized that the economy needs to be diversified; as 85.9 per cent consider it important to develop new business and industry even though the fishery would completely recover (Table 5.56).

**Table 5.56 Alternative industries to the fishery: Bonavista Headland (Question A8 Bonavista Headland survey)**

If there is a complete return of the fishery, how important will it be to develop new business and industry in this community?			
	Not important	Somewhat important	Important
Bonavista Headland	5.6%	8.5%	85.9%

People do see the potential for industries like tourism, small scale manufacturing and agriculture just to name a few (see section 5.2.1.2). However, judging from some of the comments made in the interviews, there has to be a major change in attitudes before development of these alternative industries can be undertaken:

Most people, including all those in the town hall, are sitting back and waiting for the fishery to return -- very few people are talking about development outside the fishery (Volunteer, Bonavista. Smith 1997:269).

The perception of tourism development has to change -- it is seen by too many as a "splash'n'putt" type of industry with no real economic benefits. Few people look beyond this (Development worker, Bonavista. Smith 1997:270).

The need to diversify the economy has also been recognized on the Isthmus. Over 60 per cent of the respondents consider it feasible to diversify the economy in the area (Table 5.57). This is high given the results from Question C2 (Table 5.4) discussed in section 5.2.1.2, which indicated that half of the KDPs did not see many economic opportunities in the area.

**Table 5.57 Economy diversification: Isthmus (Question A20)**

How feasible is it to diversify the economy of this community?			
	Not feasible	Somewhat feasible	Feasible
Isthmus	4.5%	31.8%	63.6%

The need to diversify the economy may have been recognized but how to do that is more of a problem. Of the communities on the Isthmus, Clarendville has the most diversified economy. Even though government and private services are by far the most

important sectors, the town is seriously looking towards other sectors such as tourism and IT. In the Come By Chance area people seem to be looking more towards large industrial projects as before and towards servicing the oil industry. As a consequence no great attempt is being made to diversify the economy beyond industrial projects. In the Long Harbour area the focus is on developing the Albright & Wilson site. The recent hope is that an industrial park will be developed there which some consider a means of diversification:

We are not putting it all into just one package ... we are looking at creating a bigger circle so we have many companies doing many things and if one company fails the town doesn't fail too (Politician, Long Harbour area).

The area has the experience of depending on one industry and one company, which, when its operations closed, left the communities with little but high unemployment rates.

Therefore it is understandable that the area is trying to prevent the same thing from happening again. However, the idea of the industrial park is so closely related to the Voisey's Bay smelter/refinery that if the smelter/refinery is not developed then the whole industrial park concept is likely to fail too. It does not make all that much difference whether you have one big company on the site or many smaller companies if they are all dependent on the same project.

### **5.6.3 Summary of holistic development**

Taking an holistic approach to development is a major challenge and much easier to say than do. Even though the Bonavista Headland and the Isthmus are in many ways similar

with respect to their attitudes toward an holistic approach, there are differences between the regions, and between communities on the Isthmus, suggesting that when a community is faced with high unemployment rates the main focus of development is very likely to be on economic factors. The key elements which the study reveals are:

1. Even though KDPs from both regions report that economic growth should be the main goal of the community, job creation is perceived to be significantly more important on the Bonavista Headland.
2. Community differences observed on the Isthmus not surprisingly show that communities with the most depressed economies see job creation as more important than the other communities.
3. Social and environmental issues are considered very important in community development on the Bonavista Headland. However, this may have more to do with how the questions were asked rather than true support for these matters.
4. The results from the Isthmus indicate that economic issues are the most important but considerable attention should also be given to social and environmental issues.
5. The need to diversify the economy has been recognized, to some extent, in both areas. However, how seriously people are thinking about diversifying the economy is another thing. It is easy to say “we have to diversify” but when it comes to action the whole process is difficult and the tendency seems to be to fall back on past experience and practice.

# **Chapter 6**

## **Conclusions and discussion**

### **6.1 Introduction**

The objectives of the thesis outlined in the introduction were (1) to explore how the principles of CED as described in Smith's normative model of successful CED have been recognized and adopted on the Isthmus of Avalon, (2) to compare these findings to the results from a similar study of the Bonavista Headland, and (3) to use the comparison to discuss the normative model, prospects for CED in the two regions, and implications for the Discovery Regional Development Board. The previous chapter focused on the first two objectives by presenting and comparing the results from the questionnaire surveys and the personal interviews from both areas. The third objective, the discussion of the results, is the focus of this chapter. The chapter is divided into three main sections. The first part deals with theoretical issues and explores some of the implications of the results for the normative model. The second part focuses on the regions and what the results suggest for CED in each area. The last section examines the implications for the Discovery Regional Development Board.

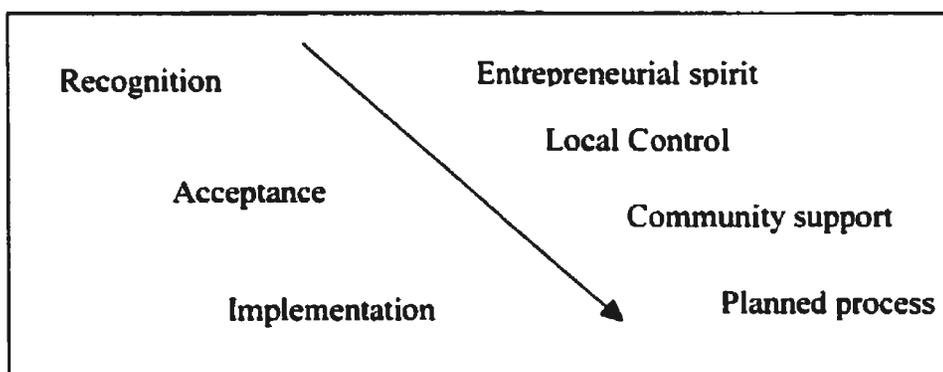
## **6.2 Theoretical issues**

### **6.2.1 The normative model**

Looking at CED as a bus journey as Smith (1997) does in his normative model of CED (section 2.3.4) is in many respects useful. It summarizes many of the key characteristics of local development and at the same time explains the different functions of each principle and the relationship between them. However, presenting CED in this way implies that the “whole package” (all of the principles) must be in place at the same time if the process is to work. The model does not explicitly recognize that the principles may be of different importance at different stages in the CED process and of varying importance in different regions or communities.

For the CED process to succeed, all of the model’s themes are important. It can be argued, however, that in practice some are more important than others at particular times in the process. Entrepreneurial spirit and local control may be more important in the early stages of the process while more action-oriented themes, such as planning, become more important in later stages. It is, for example, extremely important for the process to have a plan which states the goals of the community and how it intends to reach these goals. However, in the beginning of the development process it may be more important to focus on building the *capacity* needed to undertake CED planning. Can a community successfully develop and implement a CED plan if the local leadership is weak and local decision-making capabilities limited? Can CED planning be successfully addressed without the support of the community? Even more fundamental, is the CED planning

process likely to “take off” if there is no belief in the future and no desire for self-reliance? Instead of implying that all the “necessary” elements of CED must be present at the same time as in Smith’s bus analogy, it may be more appropriate to view CED as a learning process that evolves over time. As such, CED may better be considered as a development continuum which can be divided into three broad stages, the first being *recognition*, which then can lead to *acceptance* or adoption, and finally *implementation*. Based on this subdivision, the themes introduced in the normative model can be considered to broadly represent different phases of this process (Figure 6.1). though there is likely to be significant overlap between elements and an iterative process in which each element is redefined in the light of need and experience.



**Figure 6.1 CED as a learning process**

Entrepreneurial spirit, with its emphasis on positive attitudes, self-reliance, risk-taking and creativity and innovation represents the first step -- recognition. To undertake CED community members have to: recognize the need to address development; recognize that something can be done (positive attitudes); recognize that local groups and

individuals can and should be involved (self-reliant attitudes); and recognize that things may be done differently from the past (risk-taking, innovativeness). Entrepreneurial spirit creates the kind of mind-set needed to move ahead with development and as such is viewed here as the driving force behind the process.

Once a community has identified with the idea of locally-driven development and feels the need to become more responsible for its future, it will be ready to adopt the idea of CED. The themes of local control, and to some extent community support, can be seen as representing the acceptance part of the process. Seeking local control over the development process and emphasizing local leadership and local decision-making is a step which can be taken once positive and self-reliant attitudes have been developed. Community support through participation and volunteerism is further indication that the idea of CED has not only been recognized but accepted as well. This is not to say that community support, for example, is not important at the outset, but rather that its relative importance comes to the fore in this second phase.

With local control and community support well established, a community will be ready for the third phase, action based on CED concepts. This is where the theme of the planned process fits into the scheme. Development of a CED plan, implementation of CED projects, and actual participation of the public are examples of actions building on the earlier phases of the process.

It is somewhat problematic to fit the theme of holism in the three-phase model of CED. Holistic thinking is supposed to be a key characteristic of CED as it emphasizes the need to look at and treat economic, social and environmental issues as part of an

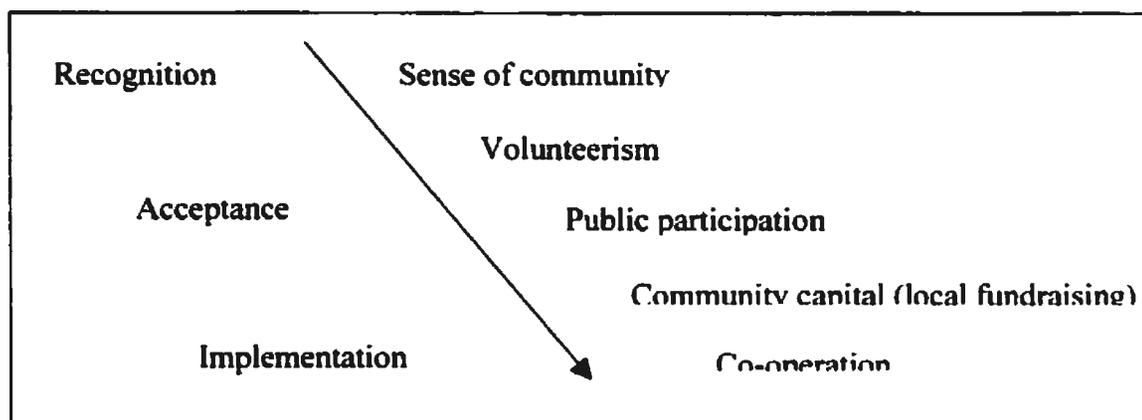
integrated whole and not focus solely on the economic aspects of development. As such, the holistic approach should be under consideration right from the beginning and interwoven with the other themes. Rightly or wrongly, in practice, it is the CED theme which is often the last to be adopted.

Treating CED as a learning process which evolves over time gives the process a *dynamic* which Smith's bus analogy lacks. Even so the model is still an oversimplification of reality. The elements of the model appear to have a sequential logic but really CED is not the simple linear process suggested in Figure 6.1. The three phases are not mutually exclusive but rather there are many overlaps and more than one stage may be occurring at the same time. Often, communities jump into implementation when, for example, there is a good idea, available funding, or the "need to see some action". without having fully developed the "earlier" themes. In short, the process might ideally be conceived of as following this three-stage model, but it rarely does practice.

To further emphasize how "messy" the CED process is, it should be remembered that, once initiated, each of the themes must itself evolve while entrepreneurial spirit is considered as a key component in the recognition phase, it continues to be important in the acceptance and implementation stages and must be redefined to fit the community's particular needs. The process thus becomes progressively more complex as successive layers are added.

This complexity is further increased since not only is the overall process an evolutionary one, but so are the individual themes. Underlying the general pattern of learning and evolution is a second pattern, in which each of the sub-themes themselves

have to be recognized, adopted and implemented. Figure 6.2 illustrates how the sub-themes of “community support” themselves evolve over time through the recognition, acceptance and implementation stages.



**Figure 6.2 Evolution of community support**

“Sense of community” may be considered the building block for community support and commitment to development, and as such it represents the recognition phase of community support. Sense of community can then encourage volunteerism which can be considered part of the acceptance stage. Finally, subsequent growth in participation and co-operation are examples of community support as action components.

Similarly, with respect to “entrepreneurial spirit”, positive attitudes may represent the recognition phase, self-reliant attitudes the acceptance phase, and risk-taking the implementation phase based on the previous two. In the case of “local control”, local leadership may be the first step which will then lead to local decision making and control, and subsequently utilization of local resources.

The sub-themes which deal with the planned process and the holistic approach fit less readily into these three phase schemes. Nevertheless, these elements should be expected to evolve in a similar way: they have to be recognized and accepted before they can be implemented.

If the three-phase learning process is applied to the study areas then it seems that the idea of CED has been recognized to some degree in both regions, but acceptance and, therefore, implementation remain less developed. Community support is the best developed theme in both of the study areas. The recognition and the acceptance phase are there in the form of sense of community and volunteerism, although evidence of the implementation step is less clear. Participation in events such as local fundraising, albeit only for social activities and infrastructure, is an example of action, but co-operation among many of the players appears to be very limited.

The results suggest that the themes of local control, planned process and holistic approach do not appear to have developed beyond the recognition phase. The respondents indicated that they would like to have a locally controlled development process, but with weak local leadership, limited local decision-making and a narrow resource base, any action to gain more control seems to be a long way off. The need for an economic plan was widely recognized in both areas, however, with the exception of the zone plan, there have been few signs of action in this direction. With respect to the holistic approach, the respondents considered social and environmental issues important in development. However, whether they are willing to actually adopt the concept and include non-economic factors in practice may be another matter -- they may be just voicing

motherhood statements about social and environmental matters, when in reality jobs are everything.

Entrepreneurial spirit is the theme which most differentiates the Bonavista Headland and the Isthmus. Respondents on the Isthmus generally held positive attitudes towards the future, expressed the desire to be self-reliant, and accepted risk-taking as a part of development. The concept of entrepreneurial spirit has therefore been both recognized and to some extent accepted. The area may be ready for the next step, action, but so far there has not been much to indicate entrepreneurial behavior in the form of risk-taking or the development of creative or innovative initiatives. On the Bonavista Headland, a positive attitude, the foundation for entrepreneurial spirit, appears to be lacking and there was little evidence of self-reliant attitudes and risk-taking.

The results indicate that the two study areas are far from reaching the stage where all the pieces of the puzzle (the CED principles) are in place. That does not mean, however, that communities like those on the Bonavista Headland and the Isthmus cannot successfully undertake CED. As long as there is some potential for development within the community, assistance from outside may help to develop the elements which are missing or underdeveloped, so that the process can move from recognition to acceptance, and from acceptance to implementation. Even though CED involves *locally* driven development, the literature recognizes that a community is unlikely to successfully address development completely on its own. Outside help is in most cases necessary. The key thing is that the help be aimed at enhancing the ability of the community to help itself.

It is debatable whether entrepreneurial spirit can be “taught”, but it can be

encouraged. Assistance with planning, leadership training, funding, and increasing CED awareness and understanding are examples of issues which outside organizations or the government can help communities to address. In the case of the study areas, for example, the Discovery Regional Development Board (DRDB) is meant to facilitate development and help organizations and communities to build the capacity necessary for CED. The Board has the ability to facilitate access to funding for development projects, and it is also supposed to foster CED education and awareness in the region, which in turn may enhance understanding of and support for the development process. An example of a government agency which can assist communities undertake CED is DRRR.

### **6.2.2 Issues that are not addressed in the model**

Using the normative model as a tool to identify and compare CED on the Isthmus and the Bonavista Headland has revealed that, although the normative model identifies many of the key characteristics of CED, there are a number of other factors which are not addressed in the model but which can also affect the potential success of CED attempts. The model as presented ignores contextual issues such as the history, culture and previous development experience of the region; the role that government can play in the process; and the size and location of the community. Furthermore, it does not explicitly recognize that CED does not happen in a vacuum unaffected by what is going on elsewhere. There are national and international forces which can affect the development of a community,

but which the community has no means of influencing. Each of these factors is considered below.

#### *6.2.2.1 Culture, history and development experience - the context*

One of the things which the normative model of successful CED does not include is the context in which development is taking place. Authors writing about CED stress the importance of a holistic approach to development in which the interrelationships between social, cultural, environmental, and economic issues are recognized and considered, but there is rarely much discussion of these relationships and how they can affect development. Even though the CED literature does describe development efforts taking place at different locations, the meaning of context -- the different histories, culture and former development experiences -- for the development process is generally not carefully considered.

Having said this, there are some who make passing mention of these issues. Polese (1994:110) for example, stresses the importance of culture as a factor in development:

Much of what underlies the economic success of communities continues to defy easy explanations. Some of it probably has to do with ... culture, the set of rules and traditions which govern cooperative behaviour among individuals.

Savoie (1995) also address the context issue. His study on coastal communities in Atlantic Canada revealed that "communities which have one dominant culture or religion have a greater capacity to come together and plan a community solution to the crisis [the

groundfish moratorium]” (Savoie, 1995:276). Further underlining the importance of the context, the study shows that those communities which have experience of cooperatives appeared to have greater capacity to bring people together and plan new economic activities.

When studying economic development on the Isthmus and the Bonavista Headland the importance of the context becomes quite clear. As pointed out in Chapter 5, the differences that do appear between the two study areas, particularly regarding entrepreneurial spirit, seem to be parallel to the current economic situation in each region. The reason may well be that while the economic reality facing the areas now is a key factor in shaping the attitudes in the regions, entrepreneurial spirit or lack thereof is a phenomenon which evolves over time, primarily influenced by the nature of the economic environment at any particular point in time. The current economic situation in the regions is therefore only a reflection of a process which started a long time ago and which has led the economies of the areas to develop in different directions (as discussed in Chapter 3). An example of the influence the nature of economic activities can have is the culture of dependency on the Bonavista Headland created by the long history of reliance on a single source of employment supplemented by government transfer payments. Another example of how past experiences may be influencing reactions and attitudes today has to do with the dynamic of the economy. The Isthmus has had a more dynamic economy for a much longer time than the Bonavista Headland and should therefore be expected to have more experience of responding to changing economic situations. While success in diversifying the economy has perhaps not been that great, because the Isthmus in the past has

frequently been forced to think about economic development, it may have developed a more entrepreneurial spirit.

The long history of government responsibility for development initiatives is another example of how the history and former development experience matters; it has likely contributed to the lack of local leadership and lack of local development initiatives in the study areas. The lack of local experience of responsibility for development, and limited knowledge and understanding of CED, may be some of the reasons why the principles of CED have not been recognized there.

In discussing the development of CED in mainland rural Canada, Douglas (1989) notes that the majority of CED-active communities base their activities on the municipality as the central organization. Newfoundland has a very short history of effective municipal government and even less of a history of local government involvement in development. Although many municipalities have taken on a greater role in economic development in other areas of the Province in the last few years, the results from the study areas show that local politicians are not considered to be as important leaders in development as the local volunteer and business groups. It seems, therefore, that the development approach of the past is affecting the recognition of the role local government could have in leading the process in the future.

Previous experiences with economic development may also have affected the likelihood of successful implementation of CED in the study areas in another way. Failures of the past can undermine the belief in future success and therefore discourage communities, organizations, or individuals from undertaking development projects. As

an example, the study revealed that lack of support is one of the things the DRDB is confronted with, and part of the reason for that is because development initiatives in the past have not proved to be very successful. This is addressed further in section 6.4.1.

#### *6.2.2.2 Size and location*

Does community size matter when considering the chances of successfully implementing CED? Smith (1997) raises this question in his conclusions. Even though he does not deny that size matters, he points out that on the Bonavista Headland the attitudes towards CED were surprisingly similar among communities, even though the communities varied significantly in terms of their populations.

The normative model of successful CED does not directly address the issue of size, most likely because the literature does not pay much attention to what impacts the size of a community or an area can have on attempts to undertake CED. However, some authors, for example Reed and Paulsen (1990) and Bryant and Preston (1987), emphasize the importance of community size in the process. Reed and Paulsen, who studied the capacity for successful development among small towns in Nebraska, concluded that size was *the* most important factor for success (section 2.3.4.3). They argue that the smallest communities often lack the organizational and resource capacity to stimulate development activity and may have little hope of generating these. On the other hand, as communities get larger, “scale economies” may appear with respect to these same characteristics. For example, in small communities it may be the same few individuals who “do everything”,

in larger communities the load can be more broadly shared and greater specialization possible.

The importance of the size of the local population was a subject frequently mentioned when the KDPs on the Isthmus were asked about constraints their communities were facing in terms of development. Limited services as a result of small population was in some cases considered a drawback for development:

we have no services such as banking, supermarkets, schooling, etc., to attract people to the community (Volunteer, Come By Chance area).

In other cases the small population base was seen to limit business development:

People talk about small businesses all the time but how many small businesses can you have? In order to have a business you have to have a good location with big enough population to support it. And right now I can't see any more small businesses arriving because the population is just not there to support them (Development worker, Long Harbour area).

Furthermore, on the Bonavista Headland the small population seemed to discourage communities from addressing development issues such as planning:

What would we do with an economic development plan? We don't have any industry -- not even a store (Respondent from King's Cove area. Smith 1997:156).

In the cases where the CED literature does discuss the way in which size of a community affects development it is usually put forward as an argument for more co-operation (section 2.3.4.3). A community of 5,000 people like Clarenville should, for example, be expected to have a larger "pool" of potential entrepreneurs and leaders, and a bigger local market, than a community of 300 residents such as Come By Chance.

Accordingly, co-operation among communities is one way of addressing the problem of being small.

The emphasis put on co-operation as a way of enhancing the capacity of small communities to undertake development leads to another aspect of size -- the geographical size of the area. This aspect of size is generally ignored in the CED literature (and in Smith's normative model). In many regions, geographic space is not so much of an issue since communities working together are located close to each other. However, in a region like Newfoundland where communities are small and dispersed, communities from a large area may need to co-operate in a far more deliberate fashion in order to get a "critical mass" to undertake development. The danger, however, is that the region becomes too large for the communities to feel that they have something in common, and too large for the co-operation to be efficient (Greenwood, 1991). Whether that is or will be the case with the Discovery Zone is difficult to say as the issue of geographical size was not directly addressed in this study. This is, however, an issue which is worth more attention and needs further research.

Location is another factor which the CED literature fails to focus on and which is also not carefully considered in the normative model. This gives the impression that location is a minor factor for the success of CED. However, in spite of a "shrinking world" resulting from improved transportation and new communications technologies, location still matters. The reality is that some places are better located for businesses than others. To choose an extreme example, a small manufacturing business in a community on the coast of Labrador has significantly different and greater constraints to overcome

compared to a similar business in a community in southern Ontario. The latter is likely to have easier access to the market (ice unlikely to close its main transportation route for a few months each year!), it may have a bigger pool of qualified workers to draw from, access to supporting services and technical assistance are likely to be easier, and so on. Even though CED is nominally seen as an integration of economic, environmental and social factors, the economic aspect of it lies at the core. Without businesses and employment opportunities in or near a community, the potential for development is limited. Therefore, location as a factor contributing to a favourable business environment cannot be ignored.

Having said this, it should be recognized that location is not completely ignored, though it is seldom directly addressed in the CED literature. Analysis of strengths, weaknesses, opportunities and threats (SWOT) which is often a part of planning takes in locational issues and realistic opportunities in light of available resources and as such the “planned process” element of CED should include the implications of location. However, as location can be such an important and complex factor in the development process it deserves more attention than is currently given to it in the literature.

A review of the economic histories of the Bonavista Headland and the Isthmus underscores the importance of “location” in the development process. Location has been an underlying factor in the different economic development histories of these areas in the past and has contributed to the different economic situations they are faced with today. The role of location for the economic histories of the two areas was discussed in Chapter 3. There it was illustrated how the emphasis has gradually moved away from the heads to

the bottom of the bays as the fishery became less important relative to the industry and service sectors, and the means of transportation changed from boats to trains and then to automobiles. Location issues will continue to affect development in the future as locational requirements change. For the fishing industry, the Bonavista Headland was an appropriate location for these resource-focused communities, and as long as the fishery was healthy, the local economy was good. However, with the decline of groundfish resources, good access to the fishing grounds is no longer the key to prosperity it once was. At the same time, reorganization within the industry has its own locational implications. Centralized, large-boat fishing fleets and processing operations are changing the distribution of activity. Proximity to fishing grounds, once a pre-requisite for inshore fishermen, no longer has the same relevance. Multiple small processing plants with access from the water are no longer needed with improved trucking and handling methods. While Bonavista and Catalina may continue as fishing ports, industry and resource consideration mean that the location factor is a dynamic one. This has been demonstrated on the Isthmus where the requirements of industrial projects for access to deep ice-free harbours, proximate to offshore oil resources and with direct access to the TCH has become of greater importance during the past thirty years.

Similarly, the current advantages of Clarenville's location compared to Bonavista will likely have impacts on the development of these towns in the future just as it has in the past. As both a fishing community and the main service centre on the Headland, Bonavista was relatively prosperous in the past. However, with the decline of the fishery and the subsequent decline in population in and near the town, the importance of the town

as a service centre has also diminished. Compared to Bonavista, at the tip of the Bonavista Peninsula and almost 100 km away from the TCH, Clarenville, at the base of three peninsulas and on the TCH, has proved to be a strategic location for the new businesses and services that have emerged in the area to serve the region. As a result, even though Bonavista and Clarenville were of similar size in 1996 there were between 330 and 340 businesses and services in Clarenville compared to just over 80 in Bonavista. With the growing importance of the service sector, Clarenville's central location is likely to continue to be one of the key elements contributing to the prosperity of the town.

#### *6.2.2.3 Politics and the role of the government*

Although the CED literature generally recognizes the role of the government in development, the issue is *not* addressed in the normative model. Even though one of the goals of CED is for communities to become less dependent on outside forces, the role played by senior levels of government cannot be ignored. The development process may well be initiated and perhaps even controlled locally but it does not take place in a vacuum; rather, it is a part of a much bigger picture where government sets the rules and controls many of the financial resources. As such, government is a key player in the development efforts of communities and it can stimulate local initiatives by creating an environment favourable for CED, or constrain development through the failure to do so.

The influence of government decisions and regulations on the development process can be clearly seen in Newfoundland. As pointed out earlier, municipal governments, which in many other places play a leading role in local development, have never been key

players in development in Newfoundland. This was perhaps not because local government necessarily lacked interest in the subject, but because regulations limited the activities town councils were allowed to address (section 3.5.6) and government preference to deal with the RDAs. In the past, RDAs have received government funding for their operation, but project funding was often tied to make-work projects. As such the ability of the RDAs to address long-term development was limited though, once again, not necessarily by choice.

As pointed out in Chapter 5 the TAGS program has likely had negative impacts on self-reliant attitudes in the study areas, particularly on the Bonavista Headland. There is no doubt that there was a need for government support to respond to the impacts of the moratorium. Nevertheless, TAGS is yet another example of how a government program set up to help individuals can discourage people from looking for new ways of making a living and, as such, can affect the economic development of communities and regions.

The new zone approach is seen by many as a positive example of how senior government decisions can affect development. The design and implementation of the zone approach was a political decision made by the provincial and federal government and based on the recommendations of a Task Force which included non-government representatives. The underlying idea was to create an environment that would stimulate regional local development initiatives. With performance contracts established between each of the zone boards and the provincial government an attempt has been made to establish the kind of partnership which the CED literature emphasizes and where

government is viewed as the “enabler” rather than the “provider”. In a sense, the zone approach is “bottom-up development” driven by a “top-down” process.

The examples cited above, relating to the roles of context, location and politics, serve to illustrate that Smith’s normative model does not capture all of the factors important for successful CED. However, even if the model is broadened to incorporate these factors success with CED is not guaranteed. CED is a complex process and the interaction between the key endogenous factors identified and other exogenous factors is often highly unpredictable. Successful CED requires the right people to make what subsequently prove to be the right decisions at the right time and this involves an element of serendipity and luck. While intelligent planning and commitment can minimize dependence on and, indeed, help communities recognize and take advantage of good fortune, there will still be many things that are unpredictable in the CED process.

### **6.2.3 Methodological comments**

In spite of some technical difficulties with the wording of some questions and some contradictions between results from the questionnaires and the interviews, the implementation of the methodology proved to work well most of the time. It is, however, important to be aware of the limitations of the survey responses. As pointed out in Chapter 5, there are a few cases where particular questions may have been poorly worded and encouraged socially or politically acceptable responses rather than those reflecting true attitudes, since professed attitudes were not reflected in corresponding actions. Risk-taking and planning are examples of this. In both cases respondents indicated positive

attitudes and had recognized the need for taking risk as a part of development, and the importance of planning for development. However, in neither case had there been any action to indicate that there is anything more substantive behind the answers.

Using a dual approach - questionnaires and interviews - helps to uncover a few contradictions which otherwise might not have been identified. For example, the results from the questionnaire indicate that respondents on the Isthmus favour small business development, but the interviews suggest that in reality most people are looking towards big projects as the only thing that can keep their community alive. The same may be true on the Bonavista Headland with respect to attitudes towards economic diversity. The majority of respondents consider development of new industries important, but the interviews suggest that there has to be a significant change in attitudes before development of some industry other than the fishery will be taken seriously. This may reflect the danger that attitude statements sometimes become “motherhood statements”, where people give what they think is the “right” responses rather than what they truly believe.

Although the dual approach makes interpretation more difficult, it also demonstrates the value of using two complementary methods. Each method provides valuable information which might be lost by using only one approach. The questionnaire makes it possible to get the general picture, but the interviews provide a deeper understanding of the situation. To get around the contradictions that, in a few cases, do appear, research like this may require follow-up fieldwork after the initial data have been analyzed and

possible inconsistencies have been identified. This may be the only way to achieve a better understanding of real attitudes and impediments to development.

The research also revealed a methodological problem which has to do with selecting the boundaries for the study area. It was recognized from the beginning that Clarenville might become somewhat problematic (section 3.1). There are two main reasons for this. First, the town is not geographically a part of the Isthmus. However, as pointed out in Chapter 3, primarily by virtue of proximity, there is significant interaction between Clarenville and the Isthmus, particularly the Come By Chance area. Therefore, the town is economically and, to a somewhat lesser degree, socially part of the Isthmus. As such, and because of its important role as a service centre, leaving Clarenville out altogether was not appropriate. The second reason is that the role of Clarenville as a regional centre is not the same as that of Bonavista. Clarenville is not only the service centre for the Isthmus but for a much larger area, including the Bonavista Headland. Thus, ideally, Clarenville should perhaps also have been included in Smith's 1997 study but was not.

As the results illustrate, attitudes in Clarenville are quite different from attitudes observed in the other communities, both on the Isthmus and on the Bonavista Headland. Doubtless, the difference in attitudes observed between the Bonavista Headland and the Isthmus would have been less if Clarenville had not been part of the Isthmus study area. It could therefore be argued that Clarenville should have been identified as a study area by itself and compared to the other two. On the other hand, attitudes on the Isthmus and the Bonavista Headland might not have been as comparable if a service centre was included in one area (the Bonavista Headland) but only smaller towns with limited services and

activities in the other area (the Isthmus without Clarenville). Therefore, ignoring Clarenville altogether would have given a quite misleading picture of the situation, as the town seems to play a leading role in the development process.

Another question regarding selecting the appropriate study area has to do with Long Harbour. Long Harbour belongs to zone 18, the Avalon Gateway Regional Economic Development Inc. while the other communities in the study area are a part of the Discovery Zone. Long Harbour is officially a part of a different economic development area and, therefore, it could be argued that the community should not have been included. There has, however, been much economic and social interaction between Long Harbour and its neighbouring communities, Chapel Arm and Normans Cove - Long Cove. Economic development in any of these communities affects the whole Long Harbour area and leaving one community out would not reflect the real situation. Since the zone is supposed to be an economic unit, it is likely that zone boundaries will be used to select study areas in the future when looking at economic development. However, as this case with Long Harbour shows, using only the zones to identify areas may exclude communities which are important for the general picture and, therefore, it may sometimes be appropriate to select regions and communities which do not match current administrative boundaries.

## **6.3 The regions**

### **6.3.1 The capacity to undertake development**

Despite what has been said about the normative model over-simplifying the reality of the local development process, the model is still a useful tool to analyze the capacity of regions and/or communities to undertake CED. The results suggest that there are a number of constraints which will have to be overcome if CED is likely to be successful. Among these are lack of co-operation, lack of leadership and lack of entrepreneurial spirit. Furthermore, outmigration appears to be one of the main problems the study areas are faced with and a factor which constrains the development of some of the key “success” factors.

#### *6.3.1.1 Sense of place and co-operation*

Generalizing from the study results, community support is the theme about which KDPs in both areas are most positive. This supports the argument put forward in Chapter 2, that a strong sense of community is the basis for active support and more public involvement in development. Newfoundlanders generally exhibit a strong sense of community as was observed in the study areas. The long history of settlement is clearly a major contributing factor. Many of the same families have lived in the same outposts for generations, and family ties, a sense of shared history and culture, and an appreciation of the way of life in these communities, all help to shape the strong sense of belonging. Attachment to place was one of the factors behind the opposition to the resettlement programs of the 1960s.

The formation of the Regional Development Associations in the late 1960s and the 1970s was in many cases a way of showing how much people valued their communities and their way of life. More recent examples can be found in the ways people have responded to the harsh economic environment facing many outport communities as a result of the closure of the groundfish fishery. Even though a significant number of people have left Newfoundland in the hope of finding jobs on the mainland, more have kept on struggling to make a living in their communities. By leaving, they would not only be leaving their homes, but also their families and their way of life. For many, this is a last resort, an option only to be considered when everything else has failed.

In the CED literature, a strong sense of place is considered to lead to increased participation and volunteerism. Based on the results from the Bonavista Headland and the Isthmus that appears to be the case, to a degree, as the public is perceived to be willing to be involved. However, while sense of place and wide community support are perhaps among the greatest strengths of both the regions with respect to CED, Smith (1997) argues that sense of place can also have negative impacts on the development process. This can happen when people are too focused on their communities and lack a sense of "region" which in turn can make co-operation between communities difficult. "Independence" rather than "cooperation" has often been the case and the lack of success of "cooperative" organizations in the Province is notable compared with other provinces and regions.

With co-operation as a central theme of CED, lack thereof can constrain the whole process. Smith (1997:242) suggests that the lack of co-operation between communities,

and to some degree between groups, on the Bonavista Headland may be the most critical issue facing development in the area. Conflicts between Bonavista and the communities in the Catalina area appear to have been going on for a long time. At the time of the data collection on the Headland the dispute centered on FPI's proposal to reopen the fish plant in Port Union but close down its Bonavista Plant. This issue created conflicts between the communities. Since then, the plant issue has been settled, but not as a result of the cooperative efforts of the communities. One might speculate that should the study be repeated today the same lack of co-operation might not be reported, but there would be no reason to believe that fundamental attitudes have changed in any significant way. This reflects the problem of doing "snapshot" research within a dynamic context. The observations are true at the time, but changed circumstances can affect responses if not underlying local attitudes. This is also an example of the difficulty of getting to the heart of the problem, especially through a "simple" questionnaire approach.

The community leaders on the Isthmus did not report as strong and serious conflicts between communities as appears to be the case on the Bonavista Headland. As outlined in Chapter 3, there are examples of successful co-operation such as the lobby for the Voisey's Bay smelter/refinery, and the BAACC. However, KDPs still reported some lack of co-operation in the area and particularly mentioned current issues like educational reform.

The zone approach emphasizes the need to work together as it is more regionally than community oriented with co-operation as one of its cornerstones. The need to work together is critical. Community leaders in both areas acknowledge this by giving more

support to a regional development approach than to community-based development. However, it is not sufficient to simply recognize that a regional approach is necessary. Communities have to find a way to get their act together to approach development from a regional perspective. Otherwise, the lack of co-operation will undermine the capacity of the region to successfully address development. The sense of community which can be mobilized for participation and support is there. The question is: how can this strong sense of community be transferred into sense of region?

This is far from an easy task, but the situation may be slowly changing.

Traditionally, the community has been the focal point and people have not been used to thinking in terms of the region. However, conditions have changed and people often no longer have the option to live and work in the same community. If they wish to live in a particular community many have to commute to work. Assuming this trend will continue, the community may well lose some of its central status in people's minds and more attention may be given to the region. This is a slow process, as suggested by a development worker from the Come By Chance area:

I think a lot of people are still very focused on their own community, but I think it is gradually changing. People may be living in one community but working somewhere else, or they live in one community and their kids go to school somewhere else. So I think they are realizing more that if something good happens there it still benefits here. But I think it is taking a while for people to come around to that (Development worker, Come By Chance area).

### *6.3.1.2 Entrepreneurial spirit and local leadership*

Having the support of the community and wide public participation in the process is essential for development, but without a self-reliant attitude and committed leadership, the development process may never “take off”. In the CED literature entrepreneurial spirit and strong local leadership are generally considered among the most important factors for local development. With this in mind the lack of leadership, which was reported in both study areas, and the lack of entrepreneurial spirit on the Bonavista Headland, appear problematic as they seriously affect the ability of the regions to undertake CED.

It seems that the limited entrepreneurial spirit (particularly self-reliance) on the Bonavista Headland, and lack of local leadership observed in both areas can, to a degree, be traced to the same root. Smith (1997:219-223) suggests that the lack of entrepreneurial spirit on the Bonavista Headland may be related to the dependency on a single source of employment (the fishery), dependency on one large outside-owned company, and dependency on government transfer payments. Prior to the moratorium, the fishery, supplemented by government income support and make-work projects, could employ most of those in the area who wanted to work. Because the employment base was there, people had little need to be entrepreneurial and to seek opportunities in other sectors. Also, government make-work projects and income support programs such as UI and TAGS likely further affected the sense of self-reliance in the area.

Commenting on the situation in Newfoundland in general, rather than on the Isthmus, a development worker in Clarenville outlined how dependency has changed the mentality of people over the years:

Make-work projects led to this cycle of dependency which has continued on as a way of life ... Today you are being looked after and that changes people's mentality and their way of thinking; "why should I do anything? they will look after me anyway."

It is obviously very difficult to encourage local development in an area which has not established a self-reliant attitude, but which considers the responsibility for the future to be mainly in the hands of government.

Dependency on large outside-owned businesses also affects both entrepreneurial spirit and local leadership. A study of coastal communities in Atlantic Canada by Savoie (1995:275) showed that:

communities dominated by a large plant appear to find it more difficult to adjust [to the moratorium]. They seem at 'a loss', having relied on the 'big company' to provide not only employment but also economic leadership.

This finding seems applicable to the Bonavista Headland. With respect to economic leadership coming from the "big company", the same may well hold true for much of the Isthmus. Although more entrepreneurial spirit was reported on the Isthmus, this has not resulted in many local development initiatives (with the exception of Clarenville) or strong local leadership. Rather, the companies initiating the industrial projects along with the government have been primarily responsible for economic development.

The long tradition of dependency is probably the most influential factor affecting the lack of leadership and entrepreneurial spirit (on the Bonavista Headland), but there

may be other contributory factors. As discussed in Chapter 2, according to the literature, the most active leadership in CED often comes from people who have moved into the community, or from local people who have gone away, gained experience and then returned home with new ideas or a willingness to do things differently. This implies that dynamic leadership is less likely to come from those who have lived in the community all their lives. Smith (1997:220) made a similar observation regarding entrepreneurial spirit on the Bonavista Headland:

respondents who most clearly demonstrated the characteristics of entrepreneurs were typically either new-comers to the community or local people who had been away and had returned.

As a result, communities with little in-migration (or return-migration) may have less innovative leadership and less entrepreneurial spirit.

Based on the above, one can speculate that the relatively low in-migration to the study areas, and particularly to the Bonavista Headland, is a factor in the lack of local leadership and entrepreneurial spirit reported.<sup>15</sup> The relatively low in-migration to the regions is reflected in the long average residency of the KDPs (see section 4.3.1). On average, the respondents from the Isthmus had lived in the area for 25 years and those from the Bonavista Headland had been living in the area for 36 years. The characteristics of the leaders in these areas do not quite fit those the literature suggests for active leaders.

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<sup>15</sup> A study undertaken as part of an "Eco-research project" by Memorial University revealed that 81.1% of residents on the Bonavista Headland and 61.7% of residents on the Isthmus were born there. Furthermore, those individuals who were not born in either area were most likely to have moved to there before their thirties and many as children (Ommer, 1998:47).

A closer look at the Isthmus further supports the notion that there may be a connection between the dynamics of a community and active leadership. Clarenville is the only community on the Isthmus which has had steady population growth, and the average length of residency of the KDPs in Clarenville is significantly lower than for the rest of the Isthmus. When the sample for the Isthmus survey was being identified, the snowball technique worked very well in Clarenville, people were easily able to identify a number of potential respondents. In that sense leadership there appeared to be active and visible. The argument here is essentially the same as put forward in Chapter 5; growth begets growth. In-migration can lead to active leadership, which in turn can contribute to a more active community, which in turn encourages further in-migration.

Another aspect of leadership concerns the question of where it should come from. The results from the Bonavista Headland and the Isthmus indicate that local groups are considered much more important in providing leadership than outside groups. However, local government was ranked behind the local business sector and community-based development groups. This is interesting considering that local government is perhaps the most obvious leader and the one with the authority, legitimacy, administrative and political resources which have often been crucial in the success of development efforts elsewhere (Greenwood, 1991:366). As stressed before, municipal government is still a relatively new phenomenon in Newfoundland and a role in economic development, to date, has rarely been assumed.

The CED literature emphasizes the importance of the local business sector and judging from responses on the Isthmus this has been recognized there. Both the

Clarenville Area and Arnold's Cove Chambers of Commerce see themselves as key players in economic development in their region. The Arnold's Cove Chamber of Commerce is a fairly new group, formed in 1997, and therefore it has perhaps not fully defined its involvement in local development. The Clarenville Area Chamber of Commerce, by contrast, is well-established. It has been very involved with promoting Clarenville and has recently made an attempt to encourage CED, both by emphasizing the need for a development officer for the town and by seeking information about other towns' experiences with CED. Including the business sector in the development process is essential to have access to the financial resources that lead that development. However, business organizations lack the democratic accountability of local government. Groups such as the Chamber of Commerce cannot speak for the whole community, but represent only their members.

The Discovery Regional Development Board (DRDB), on the other hand, is an elected body and therefore has the authority to address, and is accountable for, development. It also has access to financial resources. However, at the time of the research the DRDB was new and was not perceived to be as important as either community-based groups or the local business sector in leading the development process. It therefore remains to be seen whether the Board can provide the leadership that is perceived to be lacking. One strength of the Board is that it brings together stakeholders from different interest sectors in the area. The DRDB is not only made up of representatives from groups which have been involved with economic development in the past, but it also includes new players such as representatives of education and training,

municipalities and labour. Many of these already hold leadership roles in their community, though not in economic development. The same can be said about the business sector. In many areas, business representatives have not played a role in economic development beyond their own business, but with the zone approach an attempt has been made to include them. With representatives with such broad experience and from such a wide variety of interest sectors, the Board should be able to provide more broadly-based leadership than before.

#### *6.3.1.3 Out-migration*

Population change resulting from migration can be viewed in both positive and negative lights. Rapid increases associated with in-migration may have a de-stabilizing effects on small communities leading to a loss of community cohesion. However, situations characterized by both in- and out-migration may be positive. In Melbu, Northern Norway, for example (see Chapter 2) the village's long history of in- and out-migration is considered an important factor contributing to an open-minded and spontaneous community "with many linkages, personal as well as business, to the outside world" (Spilling, 1991:44); all of which are viewed as important assets for development.

Unfortunately, with the exception of Clarendville, this is not the case in the study areas. Rather, out-migration is likely undermining the capacity of the communities to undertake CED. As a development worker in Clarendville pointed out "[y]ounger people, your risk-takers, those who should normally be creating these opportunities, are leaving." The result is that the future leadership and future entrepreneurship in the communities is

being eroded. Not only are many potential contributors being lost, but the out-migration is likely to discourage those who do stay to start up a new business or implement other initiatives. Furthermore, as younger people leave, the communities are aging. With fewer people and with a higher proportion of the population retired, the local tax base declines and the demand for services shifts to more expensive ones such as health and care for the elderly.

Addressing the issue of out-migration is considered to be one of the major challenges facing both the Bonavista Headland and the Isthmus. That is, however, easier said than done. The population on the Bonavista Headland, which used to be fairly stable, declined by 5% between 1991 and 1996, with most of the losses in the smallest communities.<sup>16</sup> The decline can mainly be attributed to out-migration following the groundfish moratorium. However, the population losses would likely have been much greater if it had not been for government income support programs, particularly NCARP and TAGS, which have allowed people the time to stay and wait to see what would happen with the fishery in the future. That source of income support is now over. Those unable to find work in the “new” crab, shrimp or other fisheries, or unable to wait to see if the cod fishery will return, will be forced to seek other opportunities, most of which will be outside of Newfoundland. As a result, out-migration is likely to continue at high levels in the near future.

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<sup>16</sup> In Duntara, the population declined by 16.7% from 1991 to 1996 and in Keels and King’s Cove the decrease was 21.1% and 18.2% respectively (Newfoundland Statistics Agency, 1994; Statistics Canada, 1998).

The situation on the Isthmus is more complex. Clarendville has had a steadily growing population for many years and there is nothing to indicate any change to that pattern. The communities in the Come By Chance area have had fairly stable populations the last few years, and as long as the refinery and the National Sea Products plant are operating there does not seem to be any major threat of out-migration.

The Long Harbour area, however, is different. The communities there have been declining for the last ten years since the closure of the phosphorus plant. Significant effort has been put into finding another industry to occupy the plant site and to provide much needed employment, but so far with little success. When the data were collected there were high hopes related to the Voisey's Bay smelter/refinery proposed for Argentina. Since then economic conditions have changed significantly, and as of July 2000 prospects for the smelter/refinery look very uncertain. This may have a major effect on the population of these communities, particularly in Long Harbour, where respondents indicated that people in the community could not wait much longer for the economy to turn around:

time is a big thing, people just can't wait another day. In just the past few weeks we had five men leaving this town, in a couple of weeks, five families (Politician. Long Harbour area).

For those communities in both areas which are currently experiencing decline there is nothing to suggest a halt or reversal of the process. Rather, the pace of out-migration may well increase in the near future. These are the communities which most desperately need the development process to be successful, but with constant out-migration their capacity to achieve this is continually being eroded. This fact brings up the question

whether CED, as described in the literature, may be too idealistic. Or at least too idealistic for small, economically depressed communities with limited development capacity as illustrated by many of the communities in the two study areas. This theme is developed further in the following section.

### **6.3.2 Small business or large business development**

In the CED literature local development is generally considered an approach which may help underdeveloped and poor communities to become more responsible for their future. to build the capacity needed to address development and to move away from dependency on government and on outside controlled businesses. However, the recurring conclusion drawn from community comparisons on the Bonavista Headland and the Isthmus is that those communities which are better off economically have more positive attitudes towards CED and greater capacity to undertake it. It seems, therefore, that those who most need development are least likely to address it successfully. This raises the question as to whether CED is the most appropriate approach to development in economically depressed communities which lack many of the key prerequisites for bottom-up development.

The more serious the economic situation is, the less likely communities are to have a long-term and broad perspective towards development, hence short-term projects and solutions become the main focus. People do whatever they need to do to get by. That may not benefit them in the long-term but the immediate thing is to find work to put bread on the table *now* and think about the future later. When this is the situation, it is unlikely that people consider whether the development approach adopted is top-down or bottom-

up, whether it is growth or development oriented, whether it has a sound plan, or whether it is inclusive and addresses social and environmental issues. They just need something that works and works fast. Despite the disadvantages of depending on outside businesses, a really depressed area with very high unemployment rate may need something “big” to create the number of jobs that is needed. The emphasis on finding outside businesses to take over the fish plant in Port Union, and to make use of the industrial site in Long Harbour, reflects the immediate need for a large number of jobs in each area which would allow the nearby communities to continue as before.

This strategy of a “big” business focus is, however, risky. Whether it actually works depends on finding the company willing to invest in the community. At the time of the data collection on the Bonavista Headland this was the major problem. The facilities in Port Union were for sale for \$1 but there was no buyer willing to invest. In the end FPI itself reopened the plant, but the “smokestack” is much smaller than before.

The “big” strategy also usually depends on government “sweetening” the deal with various concessions and/or incentives. Nowadays, however, government is less willing or able to provide the “sugar” and without it companies are unlikely to come. Community competition for large-scale plants is tough as there are a lot of alternative choices for businesses looking for a new location. Location and significant financial incentives attracted the phosphorus plant to Long Harbour in the first instance. While the same locational advantages remain, together with some of the industrial infrastructure from the former operations, there are unlikely to be significant new incentives to attract new users to this “brown-field” site. The result is that “smokestack chasing” seems unlikely to be

successful. If it is not, the most likely scenario for the area is for continued out-migration and downsizing of the nearby communities and their services.

Faced with the reality that large-scale development is not likely the solution, CED may be an appropriate alternative. From the perspective of long-term development, small business development is a more self-sustaining approach, as with time it may make the local economy more diversified and the area more self-reliant. This may have been recognized on the Isthmus, where KDPs generally considered small business development more appropriate than large business development. It is questionable, however, whether this reflects a true belief in small business development as a feasible option for the area. While it was often not formally articulated, many of those interviewed recognized that small business development takes time, which the communities in many cases do not have. Furthermore, small businesses are unlikely to create as many jobs as a “big” business might. Without jobs, people are likely to leave, which in turn may attribute to pessimistic attitudes towards the future and therefore discourage those who are left from starting business development.

Communities therefore find themselves in dilemma. If they are to retain their current population level, they need a large number of jobs and they need them now. However, success with business development strategies which focus on “large” industries is not very likely. Small business development, on the other hand, which is a long-term strategy, might not be able to address the immediate need fast enough or meet the needs for all. At best, even small business development is most likely to occur and be successful in the larger communities within the area. To survive, most small businesses

must export their products/services beyond the immediate area, and very often the conditions most likely to encourage and support this are to be found in the larger communities. Hence CED activity in the region may well ultimately be concentrated in Clarendville and, perhaps, Bonavista/Catalina, simply by virtue of these being the largest centres with the best local infrastructure. The net result may well be more “within-region commuting” if people wish to work but remain living within their present communities.

It should be noted that large or small business development does not have to be mutually exclusive. Investment prospecting can complement local sectoral strategies, it is not an either/or situation. What appears to be the case is that there are few large-scale opportunities evident and that an “all the eggs in one (large-industry) basket” is perhaps not desirable and only rarely feasible.

Similarly, local regions and communities may not have the capacity to be able to “go it alone”. As such, “pure” CED as described in the literature may be a rather idealistic approach to development for communities such as those on the Bonavista Headland and the Isthmus. For that reason the Task Force report chose to refer to the current zone approach as “The New Regional Economic Development”. That approach may prove to be more appropriate than the normative-type CED described in the literature, as it adopts an intermediate position between top-down and bottom-up development -- government providing the initial leadership, developing the framework and the funding, but with development goals and priorities being decided locally and the actual implementation also being a local responsibility. The approach is regional rather than community-oriented; government is partnering with the zones and by including many

stakeholders an attempt is being made to develop an integrated approach. Whether this approach will prove to be the right one for rural communities in Newfoundland remains to be seen, as the process is new and its full impacts have not yet been experienced. A lot of faith is being put in the zone approach, but there are a number of issues that the zone boards will have to address if they are to be successful in stimulating regional development.

#### **6.4 Implications for the zonal approach**

When data were collected on the Headland the zone process was very new. Few people knew much about it and so relatively little attention was paid to it. By the time data were collected on the Isthmus, however, a zonal board had been elected and the development of a strategic economic plan was almost completed. The role of the DRDB for development in the area was therefore better established than before. Because of that, the following discussion is primarily based on information from the Isthmus. It is, however, important to keep in mind that the discussion is based on data collected in late 1997, *before* implementation of the zone plan began. Implementation is now underway and local attitudes towards the Board may have changed together with public awareness and public understanding of the process.

The DRDB faces a number of constraints in its attempt to address development. The limited capacity of the regions to address development has already been discussed. Among other issues which emerge from this research is lack of understanding of the

development approach which in turn can lead to limited public support. Related to that is the challenge of changing the way people think about development. But changes take time, which, as previously noted, is something that some communities may not have.

#### **6.4.1 Perceptions and public support**

The three phase learning process introduced in section 6.2 may be applied to the development of public support and understanding of the zone process. Here the recognition phase involves awareness of the existence of the Board, the acceptance phase is represented by the understanding of the process and the role of the Board, with actual support representing the implementation or action phase.

Lack of awareness of the Board and the zone approach became apparent during the collection of the data on the Isthmus. Those who had been involved with the zone process or who had to deal with the Board were obviously aware of its existence, but in a few cases the respondents were not familiar with the zone approach at all. Generally speaking there appeared to be lack of understanding of the process and how it is meant to work, which, unless addressed, could represent a serious threat to its success.

At the regional level, the Board is faced with the same problem as the Newfoundland government is faced with at the provincial level: high unemployment rates and the need to create jobs. People need jobs and this is what they expect the Board to deliver:

I get the impression that if the zonal board could do something, if something was actually implemented and some *jobs created*, I think then that will prove that this system is working (Development worker, Come By Chance area [emphasis added]).

The problem, however, is that the mandate of the Board is not to create jobs directly. It is not supposed to repeat the make-work approach from the past, but rather to create an environment which can stimulate business development which will then create jobs. Based on the recommendations of the Task Force which designed the approach, the Board is supposed to be a *facilitating* rather than an *implementing* agency. Its task is to develop a plan for the zone but it is the responsibility of communities, groups and individuals in the area to implement projects based on the plan. The role of the board is to work with these other groups to:

- build the capacity they need to implement projects;
- enable the groups to understand the sector priorities outlined in the plan;
- facilitate development of the infrastructure needed;
- facilitate training and CED awareness in the area;
- help sub-zonal groups access funding; and,
- help establish or strengthen relationships between groups, between communities, and with other zones as well.

The DRDB is not mandated to run projects because that could be seen as competition with the private sector or with sub-zone groups. More importantly, the Board does not have the time or the staff or the money to run projects. Getting into the day-to-day business of running projects would shift the focus away from the planning and facilitating role the Board was mandated to play. There may, however, be some

exceptions. For example, if there is a project which is fundamental for the development process, but which no sub-zonal groups are willing or able to do, the DRDB can take on the implementation. Marketing and promoting the zone may be one such activity that the Board could undertake.

In the interviews on the Isthmus many KDPs expressed the feeling that the public primarily associated the zonal process with job creation. If so, there appears to be a difference between what is expected of the Board and its mandated role, a misconception which has its roots in the limited understanding of how the zonal process is supposed to work. Because development in the past has been so closely related to job creation, it may take a while for people to accept the Board as a facilitating rather than an implementing agency, and, as long as direct job creation is seen as the measure of success, the attitude that the DRDB is not doing much is likely to continue:

My personal opinion is that it will never work because they are duplicating the exact same thing as the Rural Development was doing. The only thing is that the Rural Development used to take on their projects and carry them through ... but the zonal board does not do projects (Politician, Come By Chance area).

It is easier for people to relate to projects than to the more abstract idea of capacity building. What makes the above comment more striking, however, is the fact that this particular individual sat on the Board at the time of the interview. It is, therefore, not only the general public that has misconceptions about the role the DRDB, but there appears to be some cases where the Board members themselves do not appear to have a very clear idea of what the process is all about. There may be a need for more education of board members.

A second concern is that even though the majority of people involved with economic development may understand the process, it does not mean that they all buy into the idea:

those people [who have been involved in economic development] may well understand what it [the zonal process] is about, but may be leery because they have seen so many government programs come and go, one government wants to centralize the other wants to decentralize, so some people are sceptical (Volunteer, Come By Chance area).

People are not only looking for proof that the approach is working, but they may also be reluctant to support it because they do not know how long it will last before it is replaced by something else.

Failure to distinguish between the current zonal approach and past development initiatives is another misunderstanding the Board has to deal with:

There have been exercises in the past and people see this as a representation of the past, they think it is the same old story. And the same old story did not bring any results in the past so why should we [the DRDB] be any different? (Development worker, Clarendville).

These comments further emphasize the point that people do not necessarily see the difference between past and present approaches. The limited ability to see how the zone approach is different links back to the issue of job creation. As long as people see the zone approach as the "same old story" they are likely to expect the same old thing -- make-work projects.

In summary, it appears that even though key stakeholders are starting to buy into the idea, there are people involved who still do not fully understand the approach. As for the public, there is lack of awareness, and those who do recognize the approach are waiting

for some kind of proof that it is working before they are really going to believe in it. That proof is creation of jobs, which, however, is not what the DRDB is supposed to be doing directly. What impact this lack of awareness and differences between expectations and reality will have on the development process is not clear. However, until people really start to understand what the process is about, there is likely to be a lack of belief in, and limited support, for the Board and the process.

#### **6.4.2 Changing mind-sets**

Limited understanding of the zone process is part of a much bigger problem. The results of this study suggest that the Board is faced with "attitudinal inertia" as it will require a great deal of effort to overcome current thinking about development process and practice. This ties back to the discussion of development as a learning process, where it was argued that the study areas have not really moved beyond the first, or recognition, phase.

The contradictions that were revealed between responses to some of the questions in the questionnaire and in some cases between the questionnaire and interviews may, to a degree, reflect the inertia in attitudes. For example, while small business development was considered feasible and diversifying the economy was seen to be important, a closer examination of these issues indicates that most people were really only considering the same kind of initiatives and projects as before -- finding someone to utilize the fish plant in Port Union, and further large industrial projects on the Isthmus. A second example is in the attitude towards regional development. A regional approach was perceived as

important, but there was very little to indicate that communities were willing to put their differences aside and co-operate. What this implies is that people may know the “right answer” without actually believing or acting on it. The challenge for the DRDB is to get people to accept the process and act accordingly.

Another major challenge is to get people to recognize (and accept) that the zone approach involves channeling available resources to *viable long-term* opportunities. This is a shift from the development approaches of the past, which, with the exception of the resettlement programs, have often seemed geared towards keeping communities alive which otherwise may not have been economically viable. With the emphasis on viable opportunities, however, the Board is promoting a development approach that focuses more on potential than need. As such, the Board is giving the message that support is not automatic, should not be taken for granted, and is not necessarily available to every community. To change the mind-sets of the public in this respect is undoubtedly going to be a difficult task as all communities will likely feel that they have a “right to survive” and a right to a share of the available development dollars.

Attitudes towards the time it will take to successfully address development also represent a significant challenge for the Board. As already reported, the overwhelming majority of respondents in both areas, and particularly on the Isthmus, believe that their community can develop a healthy, stable economy in a relatively short time. The expectation that development can be achieved quickly is contrary to experience that shows that the development process is a long- rather than a short-term one. It is also contrary to the long-term focus of the zone approach, which recognizes that the short-term

make-work projects of the past are not going to form the basis for a sustainable economy in the long run. As such, any failure to treat development as a long-term process involves failing to recognize one of the fundamental aspects of the approach.

Bearing in mind the economic situation in many communities, changing attitudes with regard to the time frame for development is far from an easy task. Many communities may not have the time to wait for the development process to work. The economies of many communities are in dire straits, the unemployment rate is high and the population is declining. Therefore, people need to see some real results now, not after five or ten years because in five or ten years many communities may not be there anymore.

#### **6.4.3 Further research**

The research has not only revealed a number of issues which the Board has to deal with in its attempt to implement development, but it has also helped to identify a number of critical areas about which there is a need to know more in order to see the way forward.

Bearing in mind that the zone approach is fundamentally based on the idea of CED, the lack of faith in CED reported in Chapter 5 and further discussed in section 6.4.1 is a major concern. While people seem to have recognized the importance of many of the key elements of CED, such as local control, co-operation, planning and an integrated approach, they do not seem to relate these specific elements to the bigger picture, which is CED in general. Another aspect of failing to link different factors to the bigger picture can be the distinctions people seem to draw between “economic development” and “social

development". As outlined in Chapter 5, people seem to be more willing to participate in projects aimed at improving social conditions or increasing community pride, than projects aimed at economic development. It seems, therefore, that people's perception of CED is somewhat different from CED as presented in the literature, and from the approach that now is being promoted in the study area. Further research of what the general public understands CED to be may make it easier for the Board to identify the areas to emphasize in the attempt to increase public awareness and public support.

Leadership was addressed in this research in terms of where it ought to come from and whether it was perceived to be in place. However, given the results, which suggest limited leadership capacity, and the importance of this particular factor for CED, there is a need for further research on this issue. It was concluded that the characteristics of the local leaders in the study areas differ somewhat from those identified in the literature and that may be one of the reasons for less active leadership. This was not a focus of this research, and there is a need to consider this further through more detailed study of local leaders; who has been away and has come back, who is new in the area, what is their background and so on. Also, it was pointed out that the Board was bringing together "new players" into the development leadership. Whether this will actually provide more broadly-based and active leadership than before is certainly worth tracking.

Looking more closely at the characteristics of the leaders brings up the point of the role of the individual in the development process. In this thesis, as in the CED literature, the focus is on the community. In reality, community development may well in fact be "individual" enterprise on which the community subsequently capitalizes. The

community is rarely (if ever) a single, homogenous unit. The community may provide the environment e.g. the local tax incentives for an individual to do something; it is probably rare for the community to collectively do something. More often, it seems that an individual has an idea, makes it work and that starts the development “snowball”. This too is not a black/white issue. Community versus individual contributions will vary from place to place and situation to situation, but it is important to distinguish between the two types of contribution and not overlook the role of the individual.

When looking at development in areas which have more or less lost their main economic base, human resources become more important. As outlined earlier, out-migration from both study areas is likely eroding future leadership and entrepreneurship. That fact makes it extremely important to map the human resource base in the areas and to consider what can be done to make the most of it. Adult education was one aspect of the TAGS program, however, as discussed in Chapter 5, while this may enhance the opportunities for the individuals in question, there may be little direct benefit to the community as a whole from the basic upgrading and training courses offered. While beyond the scope of this thesis, it is worthwhile looking more closely at what has happened to those taking basic upgrading courses. For example, how do they use their new/improved skills? Where do they use them? Are they (the new skills) sufficient? Are some of the required skills “teachable”?

Although flexibility and accountability are among the characteristics identified in the normative model of CED there was not much attention given to these factors in this research. As pointed out in Chapter 5, the reason for this is because the zone process is

still new and it remains to be seen whether these issues will actually be efficiently addressed. Once the process is well established there will be a reason to study these issues further, particularly since one of the reasons for establishing the zones was to increase accountability in economic development in Newfoundland.

As this section has outlined, there are still issues which need to be studied further to help the Board understand what is going on, track changes and make implementation more successful. Nevertheless, the research has provided a good overview of the attitudes towards CED in general.

## **6.5 Conclusions**

It was argued in Chapter 2 that CED should not be viewed as a panacea for every community. More likely, there will be winners and losers as there are likely to be some communities that have no future and cannot be saved. From the comparison of the two study areas it is apparent that communities are not equally well-equipped to undertake development and, consequently, they are unlikely to benefit equally from the zone approach. While some communities may grow, or at least stay stable, others will undoubtedly continue to decline.

There are a number of factors which are working against the development attempts of the DRDB and against individual communities. The Board can perhaps directly influence some of these factors and as such minimize their negative impacts. These include the lack of understanding of how CED is meant to work and the subsequent lack

of public support for the zone approach. More fundamental, however, is the limited capacity of the communities to address development. As has already been discussed, communities, groups, or individuals are the ones who should implement development projects. However, to come up with proposals and to implement projects, there has to be committed leadership, and there has to be entrepreneurial spirit -- people willing to take on the responsibility and fight for the future of the community, people able to come up with ideas, and people capable of transforming those ideas into something real. As the results from the study suggest, these characteristics are often lacking, particularly on the Bonavista Headland. A challenge for the Board is to help build the *capacities* and *capabilities* needed, and, given enough time, it should show some success in that respect.

At the same time, there are exogenous factors which affect the local economy, contribute to the decline of traditional outport life, and constrain future development, but over which the Board has no influence. Changes in the fishery are one example. The closure of the groundfish fishery has had significant impacts on many outport communities which have lost their main economic base. With the moratorium still in effect, with the expiry of TAGS, and with more restrictive rules regarding EI benefits, out-migration from small fishery-dependent communities is likely to continue. Although the fish stocks could recover in the future, it is unlikely that the fishery will provide employment opportunities for the same numbers in the future that it has in the past. At the same time the industry is changing, becoming increasingly capital- instead of labour-intensive, even at the smaller scale mid-shore fishery level. Assuming that financial encouragement to enter the industry will not be as great in the future as it has been in the

past, it will be harder for “new” people to enter the industry. The trend is likely to be towards fewer, but better paying jobs and a more economically independent and viable fishery.

Provincial employment in the traditional resource-based industries is generally eroding while there have been increases in the manufacturing and service sectors. However, neither of the study areas appear to show significant potential in either of these “growth” sectors. In the future, many of the new employment opportunities are likely to be outside of the fishery and in the larger centres. As such there will be limited opportunities in smaller communities for young people entering the labour force. Once they leave, they are unlikely to return.

The shift away from resource-based industries is not unique to Newfoundland, but rather a trend faced by many other regions. The same holds true for out-migration from rural communities. With decreasing populations, small communities may find themselves stuck in a vicious cycle. As a result of the out-migration of younger people the population is aging which means both a smaller tax base and higher per capita costs of service provision, especially for medical services. The lack of opportunities and declining services are likely to further encourage out-migration. And so the process goes on.

With these and other similar factors affecting the development environment, DRDB’s task of facilitating development is a difficult one. It was suggested in section 2.3.5 that instead of looking at success in development in terms of growth, it might be more useful to reconsider the definition in terms of achieving “realistic results, slowing decline, replacing some of the lost activities with something more resilient” (Bryant,

1997:4). Considering the situation in the study areas this kind of success may well be the most the Board can expect to achieve. It is a battle against time, where building the capacity to undertake development and then implement projects is a long, slow process, while the negative factors undermining the development process are already in place. The decline of much of rural Newfoundland may be too entrenched for the zone approach to reverse completely. This is not to say that there will not be some successes and in some cases a slowing of the decline, but not all communities will survive or survive unscathed.

Bearing in mind the current local situation, these broader trends, and the mandate of the DRDB to focus on long-term viable opportunities, the likely scenario for the study areas is one of greater concentration of population and of activities, which gradually will result in fewer communities. It will be interesting to see how successful the communities will be in taking advantage of the approach. As outlined in Chapter 3, the DRDB has identified development initiative priorities which are considered to hold the greatest potential for economic growth in the zone. These are:

- enhancement of primary fishing and aquaculture opportunities
- concerted effort to develop an information technology industry
- development of an environment that facilitates oil industry activities
- comprehensive development activities along the Discovery Trail
- identification and promotion of value-added manufacturing opportunities
- agriculture development
- ensure required infrastructure and investment are available to facilitate the development of the dimension stone industry
- business development opportunities identification and promotion in seniors care/service.

Of these initiatives, enhancement of the fishery and development of the Discovery Trail hold most potential for the Bonavista Headland. With regards to the fishery, reopening of closed processing operations was one of the targets. Some progress has been made in that respect now that the FPI plant in Port Union is again operating. This will be of some benefit to the area, but the operation will be on a much smaller scale than was the case before the moratorium. Crab processing in Bonavista seems to be stable, but it is only providing seasonal employment. As for tourism development, the area has some potential, but as with crab processing this is mainly a seasonal activity.

With respect to individual communities, Bonavista is likely to benefit more from the zone approach than the other communities on the Headland. Besides possible enhancement of the fishery and tourism activities which are already there, the town, because of its size and more diversified economy, should be able to generate a greater variety of opportunities in other sectors than other communities in the area. The communities in the Catalina area may also have some potential for further development of the tourism and fishery sectors, but opportunities in other sectors are likely limited. The King's Cove area seems to have the least potential. The communities there have very few industries; residents are dependent on commuting to employment opportunities in neighbouring communities, particularly in Bonavista and Catalina/Port Union. Therefore, from an employment perspective, the zone approach may only benefit the King's Cove area indirectly. This does not mean that only those communities which have potential for economic development will survive. Not every community has to have a fish plant, or a

forestry industry, or be a service centre. Communities without a viable industry but within commuting distance to employment opportunities may survive.

It remains to be seen whether the new approach will work in the area. The Bonavista Headland's current economy can no longer support the same population as before. Perhaps the only thing that could reverse this process of decline would be the establishment of some kind of large industry, but there are few opportunities of this sort. This is not to say that the communities on the Bonavista Headland are "doomed" but the reality seems to be that the future may be quite different from the past.

On the Isthmus, Clarenville is likely to hold the most potential because of its diversified economy. It should be able to pull funding and support from the Board in its direction. It services a large hinterland, and with ski and other outdoor facilities it has the potential for year-round tourism development. In addition, there are indicators that it is taking advantages of opportunities offered by the IT sector.

With promotion of value-added manufacturing opportunities, and with enhancement of the fishery as identified development priorities, the Come By Chance area seems to hold some potential. The area is not growing in terms of population, but unless a major change jeopardizes the operation of the oil refinery or the National Sea Products plant, the future economy of the area should remain fairly stable. The Terra Nova offshore petroleum project is making some use of the Bull Arm site, and the site has the potential for other projects in the future. In the longer term, high hopes are placed on the oil industry in Newfoundland as a future source of employment and, with the transshipment

terminal at Whiffen Head, the area has better opportunities than many other regions in the Province to benefit from that sector.

The future does not look as bright for the Long Harbour area. Without the Voisey's Bay smelter/refinery in Argentia and its possible spin-offs, the community of Long Harbour is faced with a bleak future. Norman's Cove - Long Cove and Chapel Arm are somewhat better off as they have some employment in the fishery. However, the fishery is changing and it will not support as many people as before. The worst case scenario therefore is that these communities will be faced with a future of slow, but steady population decline. It has to be recognized, however, that things could turn around rapidly if the provincial government and INCO come to an agreement about the Voisey's Bay project, if that agreement involves a smelter/refinery in Argentia, and if Long Harbour can capture some spin-offs from that project.

As the above discussion implies, the two study areas (as well as individual communities within the areas) vary with respect to their economic potential and their capability to address development. In spite of that, and in spite of their having quite different economic histories and development experiences, the results from this study suggest that the two areas have to overcome many of the same constraints in order to undertake CED. The same probably holds true for most other rural regions in the Province. If so, then other zone boards are facing the same kind of fundamental problem as the DRDB -- that of promoting development based on local strengths in a social environment with a strong historical experience of dependency, and in an economic environment where the capacity to undertake development is declining; a daunting task.

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## Appendix 1

### Population, unemployment and participation rates

**Table 1 Isthmus of Avalon study communities: population 1961-1996.**

	1961	1966	1971	1976	1981	1986	1991	1996
Arnold's Cove	213	378	919	1160	1124	1117	1106	1115
Chapel Arm	581	582	657	712	689	699	638	575
Come By Chance	197	298	364	380	337	266	296	300
Long Harbour	622	612	729	675	660	627	522	472
Norman's Cove – Long Cove	862	850	997	1155	1152	1107	1054	988
Southern Harbour	147	192	679	759	772	742	716	635
Sunnyside	533	582	716	726	703	634	622	621
Clarenville	1541	1813	2193	2807	2878	2967	3071	5035 <sup>17</sup>
Shoal Harbour	544	568	609	1009	1000	1049	1402	
Total population	5240	5875	7863	9377	9315	9208	9427	9741

Source: Newfoundland Statistic Agency (1994), Statistics Canada, 1998.

**Table 2 Bonavista Headland study communities: population 1961-1996.**

	1961	1966	1971	1976	1981	1986	1991	1996
Bonavista	4186	4192	4215	4299	4460	4605	4597	4526
Catalina	1110	1089	1131	1129	1162	1211	1205	1154
Duntara	181	195	149	138	124	119	102	85
Keels	185	175	146	142	129	115	128	101
King's Cove	201	213	271	239	253	225	214	175
Little Catalina	752	725	722	736	750	774	710	630
Port Union	645	633	578	676	671	653	638	542
Total population	7260	7222	7212	7359	7549	7702	7594	7213

Source: Newfoundland Statistic Agency (1994), Statistics Canada, 1998.

<sup>17</sup> This figure includes the combined total for Clarenville and Shoal Harbour as they were amalgamated in 1991.

**Table 3 Isthmus of Avalon study communities: unemployment rates and participation rates 1996**

	<b>unemployment rates</b>	<b>participation rates</b>
Arnold's Cove	19.3	61.0
Chapel Arm	32.1	63.6
Come By Chance	13.8	61.7
Long Harbour	37.1	45.5
Norman's Cove – Long Cove	41.8	51.6
Southern Harbour	25.0	65.9
Sunnyside	12.7	51.9
Clareville	15.9	66.6

Source: Statistics Canada, 1998.

**Table 4 Bonavista Headland study communities: unemployment rates and participation rates 1996**

	<b>Unemployment rates</b>	<b>Participation rates</b>
Bonavista	42.2	44.0
Catalina	45.5	50.0
Duntara	37.5	57.1
Keels	33.3	35.5
King's Cove	16.7	42.9
Little Catalina	46.9	31.0
Port Union	35.9	42.9

Source: Statistics Canada, 1998.

## Appendix 2

### Copy of Questionnaires

#### Bonavista Headland Questionnaire

The following sets of questions explore your views on development. People may have different views of what development is ... therefore, in this survey *Community development* can be broadly thought of as:

“Those things that are done to bring about positive changes in a community.”

In the following set of questions please circle the number which best describes your opinion.

#### A Some questions about the process of community development:

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Moderately Agree	Strongly Agree
1. The fishing industry in this region will completely recover.	1	2	3	4	5	6	7
2. The fishing industry will always be the main employer in this community.	1	2	3	4	5	6	7
3. Most of the jobs lost in the moratorium could be replaced by developing other non-groundfish fisheries	1	2	3	4	5	6	7
4. Government sponsored employment projects will always be an important part of this community's economy.	1	2	3	4	5	6	7
5. Once the TAGS program ends this community will need another support program.	1	2	3	4	5	6	7
6. The only true measure of success in community development is job creation.	1	2	3	4	5	6	7
7. Economic growth should be the main goal of this community.	1	2	3	4	5	6	7

	Not at all Important			Somewhat Important			Extremely Important
8. If there is a complete return of the fishery, how important will it be to develop new business and industry in this community?	1	2	3	4	5	6	7
9. How important are environmental issues in community development?	1	2	3	4	5	6	7
10. How important are social issues in community development?	1	2	3	4	5	6	7

**B Next, some questions about those involved in community development:**

1. How important <i>should</i> the following be in <i>funding</i> development activities in this community?	Not at all Important			Somewhat Important			Extremely Important
Business Private sector	1	2	3	4	5	6	7
Community organizations	1	2	3	4	5	6	7
Community residents	1	2	3	4	5	6	7
Federal government	1	2	3	4	5	6	7
Municipal government	1	2	3	4	5	6	7
Provincial government	1	2	3	4	5	6	7
Unions	1	2	3	4	5	6	7
2. How important <i>should</i> the following be in <i>generating ideas and starting</i> development activities in this community?				Somewhat Important			Extremely Important
The Church	1	2	3	4	5	6	7
Community volunteers	1	2	3	4	5	6	7
Community-based development groups	1	2	3	4	5	6	7

Local business people/entrepreneurs	1	2	3	4	5	6	7
Federal politicians	1	2	3	4	5	6	7
Government development agencies	1	2	3	4	5	6	7
Large corporations	1	2	3	4	5	6	7
Local politicians	1	2	3	4	5	6	7
Professional consultants	1	2	3	4	5	6	7
Provincial politicians	1	2	3	4	5	6	7
Unions	1	2	3	4	5	6	7

3. How important *should* the following be in *controlling* development activities in this community?

	Not at all important			Somewhat important			Extremely important
Community volunteers	1	2	3	4	5	6	7
Community-based development groups	1	2	3	4	5	6	7
Large corporations	1	2	3	4	5	6	7
Federal politicians	1	2	3	4	5	6	7
Government development agencies	1	2	3	4	5	6	7
Local business people/entrepreneurs	1	2	3	4	5	6	7
Local politicians	1	2	3	4	5	6	7
Provincial politicians	1	2	3	4	5	6	7

4. How important should the general public be in the community development process? Choose *one* of the following:

- 1 They should have complete control over the development process.
- 2 They should be given control over some parts of the development process.

- 3 There should be a partnership and exchange of ideas between the general public and those responsible for the development process.
- 4 Their opinions should be incorporated into the development process.
- 5 They should be asked their opinions about the development process.
- 6 They should be given information about the development process.
- 7 They should have no involvement at all.

### **C This next section asks some questions about the process of community development**

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Moderately Agree	Strongly Agree
1. This community would benefit more from a regional, rather than a community-based development strategy.	1	2	3	4	5	6	7
2. This community should proceed with development cautiously - this is not the time to take risks.	1	2	3	4	5	6	7
	Not at all Important			Somewhat Important			Extremely Important
3. How important is it for this community to have a program to train people in community development?	1	2	3	4	5	6	7
4. How important are the training programs offered under TAGS for the development of this community	1	2	3	4	5	6	7
5. How important is it to invest money in improving infrastructure such as roads, water and sewer services to promote industrial development in this community?	1	2	3	4	5	6	7

- |    |  |   |   |   |   |   |   |   |
|----|--|---|---|---|---|---|---|---|
| 6. | How important do you think it is for local government to offer tax concessions to industries interested in establishing here?    | 1 | 2 | 3 | 4   | 5 | 6 | 7 |
| 7. | How important is it to produce an information package to help attract outside investment into this community?                    | 1 | 2 | 3 | 4   | 5 | 6 | 7 |
| 8. | How important is it to have an economic development plan for this community?   | 1 | 2 | 3 | 4   | 5 | 6 | 7 |
| 9. | How long do you think it would take for this community to develop a healthy, stable economy? Choose <i>one</i> of the following: |   |   |   |   |   |   |   |
|    |  |   |   | 1 | less than 1 year  |   |   |   |
|    |  |   |   | 2 | between 1 and 5 years                                       |   |   |   |
|    |  |   |   | 3 | between 6 and 10 years                                      |   |   |   |
|    |  |   |   | 4 | between 11 and 20 years                                     |   |   |   |
|    |  |   |   | 5 | over 20 years   |   |   |   |
|    |  |   |   | 6 | this community will never develop a healthy, stable economy |   |   |   |

**D This section is about development specifically in this community:**

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Moderately Agree	Strongly Agree
1.							
2.							
3.							
4.							
5.							

6.	People here have always been supportive of community development projects.	1	2	3	4	5	6	7
7.	There is not much cooperation between <i>towns</i> in this region in community development.	1	2	3	4	5	6	7
8.	There is not much cooperation between <i>groups</i> in this town in community development.	1	2	3	4	5	6	7
9.	There is a strong sense of community here.	1	2	3	4	5	6	7

**E Now, a few questions about your own plans for the future:**

	Definitely Not	Probably Not	Don't Know	Probably	Definitely
1. I will still be living in this community in five years.	1	2	3	4	5
2. I plan to be in business in the Bonavista region sometime in the next five years.	1	2	3	4	5
3. I will remain active or will become active in a community development group in the next year	1	2	3	4	5
3. I have some ideas for development which I plan to initiate in this community.	1	2	3	4	5

**F Finally, some questions about yourself and your experience with community development:**

- Where were you born? \_\_\_\_\_
- How long have you lived in this community? \_\_\_\_\_
- What is your educational experience?
  - Less Than a High School Diploma
  - High School Diploma
  - Some College / Some University
  - University Graduate
  - Other (please specify) \_\_\_\_\_

4. **What is your current occupation?** \_\_\_\_\_
5. **How long have you been employed in this occupation?** \_\_\_\_\_
6. **What elected or appointed positions have you held in regional, community, or service organizations in the past five years?** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
7. **What other regional, community, or service organizations have you belonged to in the past five years?** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
8. **Please list any community development projects or programs which you have been involved in during the past five years.** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
9. **What types of businesses or industries do you think could be established in this community?** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
10. **What are the major challenges and issues facing this community in terms of development?** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

***Thank you very much for your time and your cooperation.***

## Isthmus of Avalon questionnaire

The following sets of questions explore your views on development. People may have different views of what development is ... therefore, in this survey *Community development* can be broadly thought of as:

“Those things that are done to bring about positive changes in a community.”

In the following set of questions please circle the number which best describes your opinion.

### A Some questions about the process of community development:

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Moderately Agree	Strongly Agree
1. This community would benefit more from a regional, rather than a community-based development strategy.	1	2	3	4	5	6	7
2. Outside ownership and control of businesses and resources limits development in this community.	1	2	3	4	5	6	7
3. This community should proceed with development cautiously - this is not the time to take risks.	1	2	3	4	5	6	7
4. The government should be responsible for creating jobs where needed.	1	2	3	4	5	6	7
5. Government sponsored employment projects will always be an important part of this community's economy.	1	2	3	4	5	6	7
6. Once the TAGS program ends this community will need another support program.	1	2	3	4	5	6	7
7. The only true measure of success in community development is job creation.	1	2	3	4	5	6	7

8.	<b>This community has clearly identified its strengths, weaknesses and opportunities for local development.</b>	1	2	3	4	5	6	7
9.	<b>Emphasis on encouraging small business development (as opposed to large business development) is the appropriate approach to development in this community.</b>	1	2	3	4	5	6	7
10.	<b>Lack of leadership is a barrier to development in this community.</b>	1	2	3	4	5	6	7
11.	<b>Too many decisions concerning the future of this town are made outside of the community.</b>	1	2	3	4	5	6	7
12.	<b>This community can learn a lot from other towns' approaches to community development.</b>	1	2	3	4	5	6	7
13.	<b>Economic growth should be the main goal of this community.</b>	1	2	3	4	5	6	7
		<b>Not at all</b>			<b>Somewhat</b>			<b>Extremely</b>
		<b>Important</b>			<b>Important</b>			<b>Important</b>
14.	<b>How important is it to invest money in improving infrastructure such as roads, water and sewer services to promote industrial development in this community?</b>	1	2	3	4	5	6	7
15.	<b>How important do you think it is for local government to offer tax concessions to industries interested in establishing here?</b>	1	2	3	4	5	6	7
16.	<b>How important is it to produce an information package to help attract outside investment into this community?</b>	1	2	3	4	5	6	7
17.	<b>How important is skills training and upgrading of local people to development in this community?</b>	1	2	3	4	5	6	7
18.	<b>How important is it to have an economic development plan for this community?</b>	1	2	3	4	5	6	7

19. How important are the following issues in relation to each other in community development?  
 (Please allocate the percent of importance for each with the total to be 100%)

economic issues	_____
environmental issues	_____
social issues	_____
<hr/>	
Total	100% importance

20. How feasible is it to diversify the economy of this community?

Not at all Feasible						Somewhat Feasible	Extremely Feasible
1	2	3	4	5	6	7	

21. How long do you think it would take for this community to develop a healthy, stable economy?  
 Choose *one* of the following:

1	this community already has a healthy, stable economy
2	less than 1 year
3	between 1 and 5 years
4	between 6 and 10 years
5	between 11 and 20 years
6	over 20 years
7	this community will never develop a healthy, stable economy

**B Some questions about those involved in community development:**

1. Please rank the following in terms of importance with respect to who *should set priorities and choose the strategy* for development in this community.  
 (Rank the most important as number 1 and the least important as number 9)

- \_\_\_\_\_ Community volunteers
- \_\_\_\_\_ The Regional Economic Development Board (The Zone Board)
- \_\_\_\_\_ Other community-based development groups
- \_\_\_\_\_ Government development agencies
- \_\_\_\_\_ Local businesspeople/entrepreneurs
- \_\_\_\_\_ Large corporations
- \_\_\_\_\_ Local politicians
- \_\_\_\_\_ Provincial politicians
- \_\_\_\_\_ Federal politicians

2. Please rank the following in terms of importance with respect to who should *fund* development activities in this community  
(Rank the most important as number 1 and the least important as number 6)

- \_\_\_\_\_ Business Private sector  
 \_\_\_\_\_ Community organizations  
 \_\_\_\_\_ Community residents  
 \_\_\_\_\_ Federal government  
 \_\_\_\_\_ Municipal government  
 \_\_\_\_\_ Provincial Government

3. How important should the general public be in the community development process? Choose *one* of the following:

- 1 They should have complete control over the development process.  
 2 They should be given control over some parts of the development process.  
 3 There should be a partnership and exchange of ideas between the general public and those responsible for the development process.  
 4 Their opinions should be incorporated into the development process.  
 5 They should be asked their opinions about the development process.  
 6 They should be given information about the development process.  
 7 They should have no involvement at all.

### C Some questions about development specifically in this community:

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Moderately Agree	Strongly Agree
1. People here feel there is no future for them in this community.	1	2	3	4	5	6	7
2. There are few economic opportunities for people who live in this community.	1	2	3	4	5	6	7
3. People here generally do not place much faith in the idea of community development.	1	2	3	4	5	6	7

4.	Local people can start new businesses.	1	2	3	4	5	6	7
5.	Businesses can succeed in this community.	1	2	3	4	5	6	7
6.	Businesses are not interested in setting up in this community.	1	2	3	4	5	6	7
7.	There is a strong sense of community here.	1	2	3	4	5	6	7
8.	People here are generally well informed of what is happening with respect to development in this community.	1	2	3	4	5	6	7
9.	People here generally recognize that taking risks may be necessary for community development.	1	2	3	4	5	6	7
10.	People here have always been supportive of community development projects.	1	2	3	4	5	6	7
11.	People here want to have an active part in planning this community's development.	1	2	3	4	5	6	7
12.	People here are willing to volunteer their time to community development projects.	1	2	3	4	5	6	7
13.	People here are willing to participate in local fundraising for community development.	1	2	3	4	5	6	7
14.	There is little cooperation between <i>towns</i> in this region in community development.	1	2	3	4	5	6	7
15.	There is little cooperation between <i>groups</i> in this town in community development.	1	2	3	4	5	6	7

**D Finally, some questions about yourself and your experience with community development:**

1. Where were you born? \_\_\_\_\_
2. How long have you lived in this community? \_\_\_\_\_
3. Will you still be living in this community in five years?
 

	Definitely Not	Probably Not	Don't Know	Probably	Definitely
1	2	3	4	5	
4. What is your educational experience?
 

1	Less Than a High School Diploma
2	High School Diploma
3	Some College / Some University
4	University Graduate
5	Other (please specify) _____
5. What is your current occupation? \_\_\_\_\_
6. How long have you been employed in this occupation? \_\_\_\_\_
7. What elected or appointed positions have you held in regional, community, or service organizations in the past five years? \_\_\_\_\_
8. What other regional, community, or service organizations have you belonged to in the past five years? \_\_\_\_\_
9. Please list any community development projects or programs which you have been involved in during the past five years. \_\_\_\_\_
10. What types of businesses or industries do you think could be established in this community? \_\_\_\_\_

11. What are the major challenges and issues facing this community in terms of development?

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Would you be willing to be interviewed as part of this study?  Yes  No

***Thank you very much for your time and your cooperation.***

## Appendix 3

### t-test results

Questions <sup>18</sup>	Bonavista Headland		Isthmus		t-test for equality of means		
	n	Mean (SD)	n	Mean (SD)	t-value	df	2-tail sign.
A1	71	4.859 (2.086)	65	4.958 (1.908)	0.36	134	0.716
A3	71	4.127 (2.171)	67	3.105 (2.140)	-2.78	136	0.006
A5	71	4.014 (1.946)	67	3.702 (1.741)	-0.99	136	0.323
A6	71	5.676 (1.462)	67	3.448 (2.105)	-7.18	116.89	0.000
A7	71	5.141 (2.037)	66	4.152 (1.986)	-2.87	135	0.344
A13	71	6.211 (1.341)	67	5.925 (1.306)	1.27	136	0.226
A14	71	6.169 (1.265)	67	5.478 (1.636)	2.77	124.18	0.007
A15	71	6.239 (1.201)	67	4.940 (1.731)	-5.09	116.83	0.000
A16	71	6.648 (0.739)	66	6.030 (1.150)	-3.71	109.48	0.000
A18	71	6.409 (0.994)	67	6.343 (1.023)	-0.38	136	0.705
C1	69	4.957 (1.693)	66	3.818 (2.075)	-3.48	125.49	0.001
C3	71	4.563 (1.696)	67	4.164 (1.847)	-1.32	136	0.188
C7	71	5.099 (1.822)	67	5.418 (1.634)	1.08	136	0.281

<sup>18</sup> The numbers refers to the Isthmus survey

Questions	Bonavista Headland		Isthmus		t-test for equality of means		
	n	Mean (SD)	n	Mean (SD)	t-value	df	2-tail sign.
C10	70	4.814 (1.609)	67	5.000 (1.624)	0.67	135	0.502
C11	71	5.099 (1.560)	67	4.657 (1.533)	-1.68	136	0.096
C12	70	4.829 (1.532)	67	4.881 (1.472)	0.20	135	0.840
C14	71	4.704 (2.052)	67	4.582 (1.810)	-0.37	136	0.712
C15	71	3.845 (2.005)	66	3.212 (1.885)	-1.90	135	0.060

**n** the sample size for both areas

**Mean** the mean for both areas

**SD** the standard deviation for each variable

**t-value** SPSS gives two t-values, one assuming equal population variances and the other for unequal variance. The t-value given in this tables the one for equal variance unless the test for equality of variance determined the variance to be significantly different. Low t-values may reflect the effects of mere chance as opposed to high t-values which are more likely to reflect a "real" difference between the groups

**2 tail sign.** indicates how likely it is to falsely reject the  $H_0$  hypothesis which is that there is no significant difference between the two groups. The level of significance in this case is 95% and therefore if the 2-tail significance value is less than 0.05 the two groups can be said to be significantly different

