COMMUNITY-COMPANY RELATIONSHIPS IN FOREST-DEPENDENT COMMUNITIES IN NORTHERN BC: ASSESSING THE LOCAL, SECTORAL, AND THEORETICAL IMPLICATIONS

by

Alexander G. Martin

B.A., Brandon University, 2004
M.R.D., Brandon University, 2006

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Abstract

This dissertation examines changing community-company relationships within northern British Columbia’s (BC) forestry sector over time. The process of economic restructuring in the forestry sector has had dramatic impacts on forestry-dependent communities in BC. Economic restructuring has occurred alongside a shift in the provincial policy environment and the global adoption of a neoliberal ideological framework. There has been a discernable shift in BC away from state-centred Fordist-Keynesianism towards Post-Fordist neoliberalism. Neoliberalization of forestry has been aimed at ‘freeing up’ restrictions on markets, forest tenure, and processing activities. These processes have effectively allowed forestry companies to determine where and when production occurs. This has been mirrored by a shift within companies towards lean, flexible production. These shifts have weakened the formal and informal relationships between companies and communities and forced communities to adopt the neoliberal ethos of ‘doing more with less’.

A qualitative case study of Mackenzie, Houston, and Quesnel was conducted to examine 1) the types of relationships forestry companies adopted when engaging forestry-dependent communities, 2) drivers of change, and 3) the role of place in shaping global and local forces. Key informant interviews and focus groups and analysis of historical data allowed for a rich understanding of contexts, processes, and outcomes at the community level. Analysis showed that companies have withdrawn from community involvement as they shifted from ‘managerialism’ to ‘entrepreneurialism’. Analysis indicated that significant changes included retrenchment of company involvement,
changed relationships with municipal government, weakening of local business sectors, and fewer resources. The results showed that changes in relationships were driven by globalization of forestry, consolidation of the Interior sector, corporate restructuring, and changing forest policy.

These findings suggest that the search for flexibility by forestry companies and the provincial government have left communities in the northern Interior with increasingly uncertain futures. Transition from resource-dependence towards ‘new rural economies’ will require the involvement of companies, communities, and the provincial government. This study has shown that increasing detachment by companies and lack of vision for regional development planning has further entrenched longstanding issues of dependence and vulnerability within the region.
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**Acronyms**

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<tr>
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<tr>
<td>AAC</td>
<td>Allowable Annual Cut</td>
</tr>
<tr>
<td>BC</td>
<td>British Columbia</td>
</tr>
<tr>
<td>BCFP</td>
<td>British Columbia Forest Products</td>
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<tr>
<td>BVFI</td>
<td>Bulkley Valley Forest Industries</td>
</tr>
<tr>
<td>CA</td>
<td>Census Agglomeration</td>
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<tr>
<td>CD</td>
<td>Census Division</td>
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<tr>
<td>CED</td>
<td>Community Economic Development</td>
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<td>CMA</td>
<td>Census Metropolitan Area</td>
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<tr>
<td>CORE</td>
<td>Commission on Resources and Environment</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>CURS</td>
<td>Changing Urban and Regional System initiative</td>
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<td>FFI</td>
<td>Finlay Forest Industries</td>
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<tr>
<td>FL</td>
<td>Forest Licence</td>
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<tr>
<td>FRP</td>
<td>Forestry Revitalization Plan</td>
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<td>HFP</td>
<td>Houston Forest Products</td>
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<tr>
<td>ICT</td>
<td>Information and communication technologies</td>
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<tr>
<td>LRMP</td>
<td>Land and Resource Management Plan</td>
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<tr>
<td>LTHL</td>
<td>Long Term Harvest Level</td>
</tr>
<tr>
<td>MBA</td>
<td>Master of Business Administration</td>
</tr>
<tr>
<td>MIZ</td>
<td>Metropolitan Influence Zone</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
</tr>
<tr>
<td>MNFC</td>
<td>Multinational Forestry Corporation</td>
</tr>
<tr>
<td>MSR</td>
<td>Machine Stress-Rated</td>
</tr>
<tr>
<td>NDP</td>
<td>New Democratic Party</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization of Economic Co-operation and Development</td>
</tr>
<tr>
<td>PHA</td>
<td>Pulpwood Harvesting Area</td>
</tr>
<tr>
<td>PSYU</td>
<td>Public Sustained Yield Unit</td>
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<tr>
<td>RST</td>
<td>Rural and small town</td>
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<tr>
<td>SCEL</td>
<td>Social Change and Economic Life initiative</td>
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<tr>
<td>SLA</td>
<td>Softwood Lumber Agreement</td>
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<td>SY</td>
<td>Sustained Yield</td>
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<td>TEP</td>
<td>Techno-Economic Paradigm</td>
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<td>Tree Farm Licence</td>
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<td>Transnational Corporation</td>
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<td>TSHL</td>
<td>Timber Sale Harvesting License</td>
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<td>UNBC</td>
<td>University of Northern British Columbia</td>
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Chapter 1: Introduction

1.1. Research context

This dissertation examines community-company relationships within northern British Columbia’s (BC) forestry sector over time. I focus on “relationships” to assess how communities and companies were connected, how they regarded one another, and how they interacted in a local setting over a time when formal and informal ties and obligations were being (re)defined. This is rooted in a greater interest in understanding how global economic processes impact everyday life. Economic restructuring in the forestry sector has stimulated a shift where community ties to forestry companies remain vital, yet company ties to communities appear to be weakening (Marchak et al., 1999). As Marchak (1990, p. 95) states, “the economic survival of [forest-dependent] towns can be tied to a company, but the company may have no such ties to the town”. These issues are increasingly important when addressing the future of forestry-dependent communities in northern BC.

The process of economic restructuring in the forestry sector has had dramatic impacts on BC’s forestry-dependent communities (Barnes, 2005; Hak, 2007; Hayter, 2003), and has fundamentally changed the relationship between companies and communities (Hayter, 2000a). While literature on forestry sector restructuring and the resulting community impacts has grown since the 1980s (Bowles, 1982), there has been
little focus on: (1) the changing nature of community-company relationships (Beckley & Reimer, 1999); and (2) resource peripheries in geographic theory (Hayter et al., 2003). This dissertation addresses these gaps by highlighting how changes in company engagement and involvement within resource-dependent communities have occurred alongside restructuring of production and governance systems. These shifts have had profound implications within the northern Interior where resource firms continue to dominate local economies and exert influence over community governance. Company withdrawal and redefinition of roles and responsibilities are occurring at a period when communities are pressed for development and leadership to address an increasingly uncertain future.

Economic restructuring has occurred alongside a shift in provincial policy and the global adoption of a neoliberal ideological framework (Harvey, 2005; Peck & Tickell, 2002). There has been a discernable shift in BC away from state-centred Fordist-Keynesianism towards a decentralized Post-Fordist neoliberalism (McCarthy, 2006). Neoliberalization of the BC forestry sector has been broadly aimed at ‘freeing up’ restrictions on markets, forest tenure, and processing activities (Young & Matthews, 2007). These processes have effectively allowed forestry companies to determine where and when production occurs. This has been mirrored by a shift within companies towards lean, flexible production (Barnes, 2005). These shifts have weakened the formal and

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1 Fordist-Keynesianism refers, in general, to a regime of accumulation that is based around mass production that is regulated by a central welfare state. Regional development policy frameworks were aimed at equalizing regional disparities through top-down planning focused on large-scale megaparos and mitigating boom-bust cycles through the provision of social safety nets. Post-Fordist Neoliberalism refers to a movement towards a decentralized state focused on eliminating market restrictions through deregulation. Regional development is encouraged through increased emphasis on achieving self-sufficiency and direct engagement in the global economy (Breathnach, 2010; Peet, 2007).
informal relationships between companies and communities and forced communities to adopt the neoliberal ethos of ‘doing more with less’.

Currently, there are several bodies of research that address different aspects of community-company relationships. The Corporate Social Responsibility (CSR) literature focuses primarily on corporate actions (Prieto-Carron et al., 2006). However, only a small component of the CSR literature addresses issues such as community-company collaboration, the role of the company within the community, ethical business practices, and societal accountability of business (Boehm, 2002; Newell, 2005). Community Economic Development (CED) addresses issues related to community participation, community capacity, sustainable development, community assets, and self-reliance (Markey et al., 2005), but has little to no focus on the role of the company within these processes. As such, my research links across this gap by addressing the roles that the community and company can each play in contributing to a vital local economy and community.

1.2. Purpose for the research

A review of the literature identified that the current nature and evolution of community-company relationships have not been adequately addressed. While there is research on the nature and implications of the past ‘paternalistic’ company relationships in resource-dependent communities (Lucas, 1971; Porteous 1970a; 1970b; Rollwagen, 2006, 2007; Schulman, 1999; Solecki, 1996; White, 2004), little is known about the nature of current corporate approaches (Hoppe et al., 2007) and how this shift affects long standing issues of community viability, stability, and dependence. My research
addresses this gap and enhances our current understanding of community-company relationships in forestry-dependent communities. The key contributions highlight the changing roles and responsibilities of local management and its implications for planning, service provision, and leadership pools; the markedly different corporate views of communities within production associated neoliberalism and the reshaping of local demands upon industry; the mismatch between the requirements of ‘entrepreneurial’ governance and the capacities, resources, and unique local economic structures in resource-dependent communities; and the responses of communities to the discourse of forestry companies to create suitable local conditions for capital which have further exacerbated longstanding issues of vulnerability and dependence.

The purpose of my research is to explore how and why community-company relationships have changed over time. The goal is to gain an understanding of the global and local processes affecting both communities and companies. An understanding of how both local and global processes work to shape community-company ties will help to inform community planning and forestry policy in novel ways. A rich understanding of the political, economic, social, and environmental processes shaping the forestry sector in northern BC will also contribute to the rural and regional development literature.

1.3. Research questions

To identify the factors influencing the evolution of community-company relationships, the following research questions are addressed:
1. What types of relationships have forestry companies adopted when engaging forestry-dependent communities?

This question addresses the changing role of the company within the community. It has been argued that the process of globalization has moved forestry corporations into different global arenas in search of profitability. This shift has driven the process of economic restructuring throughout the BC forestry sector - from Fordism to Flexible Production (Barnes & Hayter, 1994; Hayter, 2000a) - a process that has also changed how companies interact with forestry-dependent communities. For instance, companies have changed the ways they address matters of: local government (Beckley, 1996), community infrastructure (Solecki, 1996), community services (Schulman & Anderson, 1999), organization of labour (Beckley, 1998), local leadership (Russell & Harris, 2001), community activities (Rollwagen, 2006), and involvement in the housing market (Pinfield & Etherington, 1985; Porteous, 1970a). Companies were originally engaged in these activities to appease labour and address company interests.

While one may be inclined to view this change as part of an inevitable global process, companies still have an important connection to forestry-dependent communities in the form of labour, natural resource requirements, and institutional linkages (Hayter, 2004a). Further, while capital may be perceived as being increasingly ‘footloose’ and ‘placeless’ as a result of economic restructuring (Mitchell, 1997), capital still has requirements that must be met at the community level in order to engage in resource extraction (Hoppe et al., 2007). The purpose of my research is to trace the evolution of community-company relationships in northern BC’s forestry sector through in-depth
studies of the evolution of both the community and company. Drawing from the academic literature, local, provincial, and national archives, as well as community/ regional newspapers, company reports, union reports, trade journals, and census data, detailed chronologies of community-company relationships were constructed.

2. Have community-company relationships changed over time, and if so what processes have driven these changes?

The second research questions address the processes that have prompted change in community-company relationships over time. The purpose is to link shifts in community-company interactions at the local level to broad trends in economic, political, social, and technologic systems.

By outlining the evolution of community-company relationships, a better sense of how companies and communities have engaged with one another over time is garnered. These findings are juxtaposed with broad shifts occurring at regional, national, and global scales. This helps isolate some of the processes driving changes in community-company relationships, as well as identifies interconnections within and between processes and scales. Data from key informant interviews is used to identify drivers of change originating from within the community and region.

3. Can community-company relationships be viewed as a product of global and local forces?
Little is known about the current nature of community-company relationships within the forestry sector, and the applicability of different theories to relationships in forestry-dependent communities is ambiguous. Findings from the case studies are used to determine whether community-company relationships can be viewed as products of global-local interdependencies. Findings are also assessed to determine how local peculiarities are involved in mediating global processes (Massey, 1997a).

Also, other theoretical frameworks relating to resource towns are assessed to see if they are representative of forestry-dependent communities in BC. Addressing forestry-dependent communities from a unique perspective allows me to assess the applicability of past theories and build upon existing bodies of theory. For instance, past frameworks of community transition implied that a ‘hands-off’ approach by companies set the stage where communities progressed through a number of stages resulting in economic maturity (Lucas, 1971). It was also theorized that by disengaging companies from community affairs it would build community capacity, develop local leaders, encourage local responsibility, and build a sense of community. My research examines whether this is the case.

1.4. Conceptual approach

To address the various aspects of community-company relationships, my research also draws on theoretical approaches from locality studies (Curry, 1996; Massey & Allen, 1984), new regionalism (MacLeod & Jones, 2001), and globalization research (Perrons, 2005). A synthesis of approaches allows for communities to be viewed as places where
global and local forces collide (Chang, 1999). This conceptual framework allows corporate decision-making and community stability to be situated within a broader global framework while asserting the importance of the unique elements of place that influence both corporate and community stability (Barnes & Hayter, 2005; Hayter, 2004a; Troughton, 1995; Wilson, 2004).

Within a global-local framework, communities are viewed as a fulcrum point where local place both experiences and actively contributes to global processes (Swyngedouw, 1997) while companies are viewed as being both tied to communities (because of labour and natural resource requirements) and being simultaneously tied to the goals of distant shareholders and volatile international commodity markets (Hayter, 2000a; Hoppe et al., 2007). Therefore, the challenge for my dissertation is to balance the unique elements of place with broad global processes to gain a better understanding of how community-company relationships are shaped.

1.5. Outline of thesis

The remainder of the dissertation is organized into 8 chapters; Chapter 2 establishes the theoretical framework for understanding the different processes influencing community-company relationships. A number of theoretical approaches including, locality studies, institutional economic geography, and new regionalism are drawn upon to highlight the relationship between the global and the local. The case for treating resource communities as unique is also outlined.

Chapter 3 provides a detailed outline of the case study area. It examines how the northern Interior region of BC plays an integral role in this study because much of the
research on the community impacts of economic restructuring in the forestry sector has tended to focus on the southern Coastal region (Hayter, 2000a). As such, some of these findings are not applicable to forestry-dependent communities in the Interior (Hak, 2007). This chapter also highlights the importance of the research problem to economic and rural geography.

In Chapter 4, the research approach, case study selection framework, research instruments, ethical considerations, and the method of analysis are outlined. This research uses a qualitative case study approach to support an in-depth analysis of community-company relationships. The case study approach allowed me to address locally embedded institutions and was well suited to studying these phenomena in their local setting.

Chapters 5, 6, and 7 are comprised of the research findings. In each chapter the research findings are articulated, supported by exemplary quotes and secondary data, and linked to existing research and theory. Chapter 5 focuses on the nature of relationships from the perspective of companies and communities. Chapter 6 examines how these relationships have changed as economic restructuring reworked rigid Fordist institutions in search of flexibility. Chapter 7 highlights the processes driving these relationship changes.

Chapter 8 provides a discussion of the research findings in relation to the research questions. The majority of the chapter focuses on the contributions of my research to the literature and geographic theory.

Chapter 9 concludes the thesis by outlining the importance of the research findings and drawing final policy implications. The study’s limitations and opportunities for future research are also summarized, and conclusions are drawn.
Chapter 2: Conceptual Framework

This chapter outlines the conceptual framework used to explore relationships between companies and communities. The dissertation draws upon institutional approaches in economic geography to examine how history, institutions, and geography influence community-company relationships in resource-dependent communities. Geographers adopted the institutional approach in the 1970s and 1980s as a way to understand local relationships because it balanced structure and agency, emphasised the importance of global and local networks, considered the linkages between past and present economic activity, and sought a middle ground between the pursuit of general theory and empirical studies.

Second, the unique nature of resource peripheries is explored by examining theoretical contributions from locality studies, new regionalism, and the globalization literatures. Particular attention is given to the interdependencies between local and global institutions in shaping regional economies. Finally, I examine the staples approach, a uniquely Canadian institutional approach, to regional development.
2.1. Institutional economic geography

Institutional economics is described as a ‘third way’ or ‘middle range’ approach to the economy (Hudson, 2006; Peck, 2000a). Prior to the economic restructuring of the 1980s, economic geographers commonly approached the economy using either neoclassical or Marxist theory (Cumbers et al., 2003). The neoclassical approach adopted in regional science assumed that economic activity is rational, maximizing, and atomistic, while ignoring complex arrangements of social and political forces, space, and people at work (Leyshon, 2011; Martin, 2000). Marxist approaches emphasise the importance of social structures while placing little emphasis on individual and collective agency, or the role of culture (Cumbers et al., 2003; Hudson, 2006). Both approaches are under-contextualized in that the peculiarities of place and society are not addressed (Martin, 1994). The institutional approach gained favour within economic geography (and other social sciences, most notably sociology) because it accounts for the social and cultural conditions of “everyday life” (Cumbers et al., 2003, p. 325) and “real-world behaviours” (Hayter 2004, p. 96). Institutionalists have focused on how past and present arrangements of individuals, institutions, culture, and politics within different places work to shape economic development (Barnes & Gertler, 1999; Boschma & Frenken, 2006; Peet, 2007).

Economic behaviour is viewed being inseparable from the social, political, and cultural contexts within which it is situated (Hayter, 2004a; Peck, 1996; 2000a; Sheppard, 2011). Economic activity does not occur in a vacuum; activities, behaviours and goals can be motivated by economic and non-economic goals (Peck, 2005; Velthuis, 1999). Therefore, in order to understand the economic landscape, research must examine “institutional norms, expectations and conventions, all of which are historically and
geographically relative” (Barnes, 1996, p. 214), to develop an understanding of the economy rooted in social and cultural processes (Martin, 2003). While early work by geographers focused heavily on formal organizations, the cultural turn in economic geography prompted a greater consideration of how society, politics, and culture promote or inhibit local and regional economic development (Mackinnon, 2009).

Institutions are socially constructed and include formal regulations and organizations and informal practices, routines, and habits that shape the behaviour of actors. Formal regulation includes laws, policies, standards, and rules. Informal or tacit practices can include local networks, habits, norms, routine patterns of behaviour, and customs (Nee, 2005; Streeck & Thelen, 2005; Swedberg & Granovetter, 1992). The role of institutions is to shape, constrain, and prescribe the expectations, activity, and roles of various actors and organizations (Gertler, 2010). Institutions are also designed to reduce risk and uncertainty inherent to economic activity (Sheppard, 2011). Configurations of intuitions arise alongside new industries and often become firmly established if these industries are successful (Boschma & Frenken, 2009). As such, the makeup and mix of informal and formal institutions are rooted within place, and tend to vary across space (Boschma & Martin, 2010; Hayter, 2004a). The strength of this approach for studying community economies is that it takes a broad view of economic activity, where different actors (firms, governments, organizations, and individuals) cannot be divorced from local culture, history, or society (Hodgson, 1994; MacLeod, 2001a). In short, idealized conceptions of markets, actors, and motivations following universal rules are rejected in favour of messier conceptualizations that are better suited to explaining uneven
development and differences within and between states, regions, and landscapes (Jessop, 2001).

By utilizing this theoretical lens, regions take on a new prominence in understanding economies because context and culture play important roles in influencing economic activity (Amin, 1998; Paasi, 2009). Regions are understood to be meeting places for a variety of global and local institutions and the conflicts, relations, and discourses that shape, constrain, or transform the economy, society, and culture. This conceptualization is grounded firmly in the notion that regions are not fixed, concrete, predetermined entities (Lee, 2002). Rather, regional economies and boundaries are perpetually fluid due to the changing nature of resources, markets, technology, policy, and relationships over time (Essletzbichler & Rigby, 2007; Paasi, 2002). This is an important distinction because it raises the role of space, scale, and time in shaping the particularities of different regional economies (Page, 1996). Variation across regions is related, in part, to socially constructed institutions that are interconnected, embedded, evolving, and unique:

The fact is, however, that all economic action is a form of social action and cannot be separated from questions of status, sociability and power. In other words, economic activity is socially and institutionally situated: it cannot be explained by reference to atomistic individual motives alone, but has to be understood as enmeshed in wider structures of social, economic, and political rules, procedures, and conventions. It is the role of these systems of rules, procedures, and conventions, both of a formal and informal nature, that is the focus of an institutionalist approach to economic geography (Martin, 2000, p. 79).

Institutional frameworks are best understood by unpacking the various factors, unique to a particular space and time, which contributed to their formation and success (Barnes et al., 2001). Enduring institutional frameworks temporarily contribute to
unstable ‘spatiotemporal’ fixes to crises of capitalism in different spaces at different times (Hudson, 2004; Jessop, 1999; 2001). This has important implications. Universal understandings of industrialisation or restructuring will be limited in usefulness as local institutions and history are often discounted or overlooked (Tonts, 2010). Further, the practice of attempting to recreate the success of leading regions by replicating policies and industries should be discarded as it ignores geography and the economic opportunities arising in space and time (e.g. unique arrangements of actors, institutions, resources, norms, rules, and infrastructure) (Malmberg & Maskell, 2010; Sayer, 1985; Sheppard, 2011; Walker, 2000). Rather, understandings of national and global economies and planning need to be based upon strong case studies of local and regional economies (Hayter, 2004a). As Martin (2006; p. 171) notes “policies rarely travel well”.

Economies are also embedded within places and ongoing processes. Economic activity occurs because of interactions between social and economic systems that are spatially differentiated and context specific (Bathelt & Glückler, 2003; Cumbers et al., 2003). The main thrust of embeddedness is that social and economic systems are not separate, discrete entities, but are entangled (Granovetter, 1985). As Harvey (2005b, p. 60) notes, “capitalist activity is always grounded somewhere”. Embeddedness implies that economic activity cannot be fully understood without accounting for localized network relations, social structures, and culture (Yeung, 2007). Place can then be thought of as playing a key role in creating economic opportunities. With regards to economic restructuring, embedding helps to explain how different contexts and existing institutions, practices, and policies shape responses (Brenner & Theodore, 2002). The interaction of local networks of actors embedded within a region creates unique norms,
conventions, trust, relationships, and behaviours that influence regional performance (Simmie, 2005). This helps to explain why development capacities, abilities, orientations, and approaches vary within and between regions.

Regional development also follows an evolutionary trajectory shaped in part by the history of past decisions. History matters in shaping (though not determining) economic trajectories because habits are slowly defined over time, becoming normalized (Peck, 2005; Swedberg & Granovetter, 1992). New institutions are built, or layered, upon existing institutional arrangements. In this regard, a region's history is key to adequately understanding current economic development issues (Martin & Sunley, 2006; Tonts, 2010). Local histories play a prominent role in any analysis of regional economies because choices made in the past work to influence and shape current and future choices and decisions as well as economic development patterns and structures. This 'path dependence' underscores the importance of past decisions - regarding technology, labour, policy, industry, etc. - in facilitating or constraining future choices, strategies, and practices (Martin, 2006; Walker, 2000).

Locally contingent institutions become the 'carriers of history' and influence economic development trajectories and regional stability over time (Belussi et al., 2008; Martin, 2000). Decisions regarding technology and industrial organization can have important implications in shaping the trajectory or path of development. In some cases, regions can become 'locked-in' to certain paths despite apparent drawbacks. Lock-in occurs when institutional structures are rigid and local cultures are resistant to change, which inhibits adjustment during crises (Hassink, 2010; MacLeod, 2001b). The inertia of existing arrangements can hinder the evolution and renewal of existing industrial
structures and curbs the ability of regions to capitalize on emerging opportunities. Institutions that fail to adjust quickly enough to changing economic conditions risk becoming dysfunctional (Gerter, 2010; Martin & Sunley, 2006). The dissolution of institutional structures and development paths are brought about by crises or shocks that destabilize established systems (Martin & Sunley, 2010); path creation plays a key role in renewal (Tonts, 2010). Change creates economic opportunities in some industries, while rendering others obsolete. Routines, rules, and organizations can be a source of strength or ‘friction’ during times of change as regional economies struggle to adapt (Hodgson, 1994).

2.2. An institutional economic geography of resource communities

In order to examine community-company relationships within BC’s forestry sector, this case study focuses on forestry companies, community organizations, and provincial government agencies. I construct a ‘local model’ of BC’s forestry sector to better understand the changes and challenges facing companies and communities (Chapter 3). To conceptualize the place of community within the global economy, I drew upon theoretical contributions from localities studies, globalization, and the nature global-local connectivity. To account for the unique aspects of BC’s forestry sector and resource development in the Canadian context, I drew upon Innis’s staples theory.

New regionalism and institutional economic geography advocate thinking of the global economy as comprised of a number of “local models” that are interconnected (Barnes & Hayter, 2005, p. 454). As such, to understand economic activity one must scrutinize the interaction between global and local institutions. Recall that institutional
approaches view regional economies as meeting places or fulcrum points where global and local forces converge. Resource peripheries are unique in this respect because “[they are] not simply creations of global capital but [are] shaped to a significant extent by the local dynamics of formal and informal resident negotiation with the industrial hegemon” (White, 2004, p. 45). Further, local models are well suited to the examination of community-company relationships in resource-dependent communities because they allow us to consider environmental, economic, social, technologic, and political factors influencing both community and company.

Within human geography the study of the ‘local’ in the face of global economic, political, and social change has its origins in locality studies. Locality studies arose among economic geographers in response to industrial restructuring in the United Kingdom (UK) throughout the 1980s (Benko & Scott, 2004) as a means to explore how different places (namely cities, regions, and communities) influenced restructuring and how the roles of different places were changing (Haldrup, 2009). Locality studies sought to explore the connection between spatial restructuring of manufacturing economies and social and economic change in different localities (Cooke, 1987; Massey, 1997; Schoenberger, 1999). It became increasingly apparent that the effects of economic restructuring were geographically differentiated, that is, different places were experiencing “highly contrasting shifts, and trajectories of change” (Massey, 1991, p. 318) and responding to them in different ways (Scott, 2000). This geographic differentiation was thought to be a result of the interplay between ‘bottom up’ (local characteristics) and ‘top down’ forces (uneven investment over time and economic activities associated with that investment) (Chang, 1996). A lasting contribution of
locality studies was enhancing understanding of the organization of economic activity across space and the social relations between places which work to create inequalities and uneven development within peripheral areas (Cloke et al., 1991; Dale, 2002; Painter, 1994).

Locality studies were one response to positivist geography of the 1950s and 1960s that discounted the uniqueness of place and time specificity (Chang, 1999; Fik, 1997). Positivist research focused on the identification of general processes and the construction of general laws (Massey, 1984a; 1993). But when recognition of “uniqueness and difference... turned into points of analytic interest rather than mere background noise, and with the affirmation of their investigative significance, any notion of theoretical totalisation became correspondingly anathema” (Scott, 2000, p. 491). In an era characterized by increased global interconnectivity, coupled with a catastrophic shift away from a centralized system of Fordist mass production, some aspects of economic activity and change were best understood by examining change at the local level (Curry, 1996). It also challenged Marxist approaches of the 1970s, which were seen as discounting individual and collective agency by placing emphasis on structure (Hudson, 2006). As such, uniqueness, peculiarity, and specificity of place were lost when explaining spatial phenomena (Massey & Allen, 1984). Locality studies played an important role in reasserting the role of place and local struggles in shaping economic restructuring (Barnes et al., 2007; Thrift, 1994; Winson & Leach, 2002). Indeed, localities studies helped reassert the role of the region as an object of theoretical and analytical focus (Barnes, 2011).
Locality studies quickly prompted debate within human geography. Two prominent criticisms centred on the focus of the research and a retreat from theory in favour of empirical description (Cloke et al., 1991; Massey, 1993). The first criticism argued that localities research was too narrow in focus making it parochial (Cloke et al., 1991). Smith (1987, quoted in Barnes et al., 2007, pp. 62, 66) felt that the focus on locality marked a dangerous return to empirical regional geography:

...if the unique is back on the agenda, then it is difficult to see how we can avoid fighting the crude Hartshornian battle between the ideographic and nomothetic... Should this debate emerge again...it will be tantamount to admitting that we have learned nothing since the 1950s.

Critics also argued that producing a number of small, disconnected studies of political, economic, and social processes at the 'local' scale would inevitably lead to a neglect of the broader system (Cloke et al., 1991). The second criticism of locality studies relates to the tendency to favour empirical description over theory (Barnes et al., 2007; Cochrane, 1987; Scott, 2000). There was increasing concern that as locality studies progressed, "research became increasingly atheoretical in favour of a focus on the primacy of empirical context and data in geographical analysis" (Benko & Scott, 2004, p. 60). This was one of the primary reasons why locality studies lacked longevity within economic geography (Scott, 2000).

However, locality studies made a number of important contributions to geographic theory and research methodology. Of particular importance to understanding the economic geographies of communities is recognition that, "intrinsically two-way connections between large-scale processes of economic and social restructuring and localised practices, political struggles and outcomes [exist]" (Barnes & Gregory, 1997, p. ...
The established notion that general forces influenced passive local areas in an unmediated fashion was challenged (Cooke, 1996) because different characteristics of localities were found to play an integral role in affecting how global forces worked themselves out in places (Chang, 1996; 1999; Thrift, 1994). To gain a better understanding of regional variation, greater attention was paid to history and local peculiarity because “general processes never work themselves out in pure form. There are always specific circumstances, a particular history, a particular place or location” (Massey, 1984a, p. 9). For community-based research this represents a critical contribution to understanding how local culture, knowledge, institutions, and history play a prominent role in shaping the lives of people in different places.

To avoid divorcing local occurrences from broader systems, I also draw upon globalization to examine the different connections between global economic activity and to couch restructuring within broader economic processes (Amin & Thrift, 1997; Conti, 1997; Dicken et al., 1997; Winson & Leach, 2002). Globalization helps to highlight the roles that resource communities fulfil in contributing to international circuits of resources, capital, information, and technology. Although various theories and empirical studies related to the nature of globalization have resulted in numerous conceptualizations of the economy, discussions surrounding the nature and extent of change are contentious (Amin & Thrift 1997). Dicken et al. (1997, p. 159) point out that globalization is often characterized, “on the one hand by a ‘booster’ line in which globalization tendencies are seen as being all-encompassing, all powerful and – literally – everywhere and on the other, a ‘hypercritical’ line in which the very existence of these same tendencies is questioned or denied, and their historical significance trivialized”.

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Geographers, in particular, have focused on the importance of space and time in shaping: (1) the nature of the transformation of the global economy; (2) impacts on the power of the state and the mobility of capital; and (3) the different implications of globalization for cores and peripheries (Hayter et al., 2003). Specific attention is given to the critique of unilinear, one-sided, and often contradictory conceptualizations of globalization and the presumed opportunities and barriers posed for regional development (Brenner, 1998; Wade, 2009). This is explored by highlighting how various political projects have used these conceptualizations or narratives of globalization to drive economic restructuring (Peck, 1998; Swyngedouw, 2000).

Neoliberal globalization is underpinned by a broader political project that focuses on maximizing benefits to society by increasing the scope, scale, and autonomy of markets (Harvey, 2005a; Mitchell, 2001; Peet, 2007; Watts, 2000). It is assumed that to achieve a fix to the crisis of Fordism, a number of principles must be embraced to enhance deregulation and flexibility (Peck, 1998). First, in order to maximize societal benefits associated with capitalism, markets need to be uninhibited by regulation. Unfettered markets are seen as encouraging competition where the strong and efficient will survive (Duménil & Lévy, 2004). It is assumed that the unregulated market place is the best arena for encouraging competition. It is also assumed that increased competition will in turn drive increases in efficiency and profitability.

Second, focus is shifted towards individualism, consumerism, and entrepreneurialism to bolster market activity (Harvey, 2005a; McCarthy, 2006). Autonomous individuals and groups are viewed as being able to quickly and effectively identify needs and work to capitalize on emerging market opportunities. Concurrently,
there is greater emphasis on individuals taking responsibility for successes and failures (Brodie, 2007). Chouinard and Crooks (2008, p. 175) refer to independence of individuals from the state as the "neoliberal mode of citizenship". The assumption is that once entrepreneurial individuals or private organizations are allowed to maximize their interests through unfettered competition, the benefits of their actions will 'spill over' or 'trickle down' to other individuals within society (Martin, 2006; McChesney, 1999).

Finally, the role of the state should be limited to creating an institutional framework that is conductive to the operation of free markets, trade, and capital (Brodie, 2007; French & Leyshon, 2010; Peet, 2007); protecting the operations of the market (Harvey, 2006); and encouraging and monitoring performance (Chouinard & Crooks, 2008). The role of states was reoriented where intervention is deemed permissible when creating markets through restructuring (Peck et al., 2009). McBride and McNutt (2007, p. 183) note that the role of the state has, "shift[ed] from decommodification to marketization and, therefore, recommodification." Changing modes of intervention are justified because the state is viewed as being incapable of addressing market signals because of its position outside of the market, its limited information regarding the market, and because it carries inherent biases created by the presence of powerful interest groups motivated by self-interests (Harvey, 2006). These inadequacies have been used as justifications for shifting responsibilities for the regulation of economic and social functions from public to private actors and arenas. In practice, this has resulted in shifting some responsibilities to the community level. In many instances the state has retained the power, expertise, and resources required to provide services effectively (Leach & Winson, 1995; Rankin, 2003; Young & Matthews, 2007).
The work of social scientists in critiquing the claims and possibilities of neoliberal globalization - the dominant form/strategy for economic globalization - and the disjuncture between ideology and practice is instructive in understanding changes occurring in post-Fordist economies (Washbourne, 2005). Indeed, many have pointed out that the globalization discourse has been an effective tool in reshaping institutions in an attempt to create various fixes for economic crises (Piven, 1995). Three prominent criticisms of neoliberal ideology and the apparent forms and necessities of globalization are worth considering here (Brenner & Theodore, 2002). First, this conceptualization is decidedly narrow and views globalization as a new transformation where the world is becoming borderless, homogenised, and disconnected from place (Chang, 1999; Kelly, 1998; Smith, 2005; Yeung, 1998). The power of the state over social and economic systems, and the importance of geography are seen as being less relevant. As such, the world is viewed as increasingly 'placeless' (Dicken et al., 1997; Yeung, 1998) or 'deterritorialized' (Storper, 1997) where the role of culture, society, and national political institutions are thought to be less relevant to economies.

Some enthusiastic advocates of economic globalization have even claimed that it has heralded the 'death' or 'end' of geography (MacLeod, 2001b). For regions and communities, it is felt that uneven development and social and economic inequalities will eventually be eliminated by market forces (Agnew, 2000; Smith, 2005). Proponents point to an increasingly 'borderless world', where the balance of power is shifting from the state to corporations and international markets. However, while borders are opening up for some activities (economic trade) they remain closely regulated for others (immigration) (Paasi, 2009). For Peck (1998, p. 96) the discourse of globalization is
being used to leverage changes to institutions and structures established during Fordism by framing changes as being imposed upon society by exogenous forces:

One is a story of globalization [that] asserts that the economy has changed irrevocably, the second that the inherited pattern of regulation is undermining both competitiveness and the work ethic. In political rhetoric, globalization is presented as the universal causal agent, the ubiquitous "explanation" for plant closures, corporate downsizing, and "realistic" pay deals. Rather more subtly, it is also mobilized by corporate and political elites in their pleas for economic "modernization," "new" unionism, more "flexible" working practices, and so on. Likewise, globalization ... is used to justify the continuing roll-back of welfarist institutions and social entitlements.

Globalization is also thought to have instigated a significant shift in the balance of power between global and local institutions. This 're-scaling' of power is viewed as placing individuals and places at the mercy of global capital, struggling to retain autonomy and identity. As Taylor and Conti (1997, p. 4) state, "the notion of power relations expressed in this [viewpoint] is very much a caricature of the powerful, empowered global versus the powerless victim local". This is rooted in the idea that globalization has eroded the state’s ability to effectively govern and regulate economies. The state has been 'hollowed out' to some degree as the responsibilities for governance have shifted up and down to global and local/regional institutions, respectively (Tickell & Peck, 1995; Swyngedouw, 2000). However, this shift should be thought of as a reorganization of governance structures or a rearticulation of state power to capitalize on emerging economic opportunities, rather than a decline of the importance of the state (Brenner, 1998; Hudson, 2004; MacLeod, 2001b; Warf, 2008). The state continues to play a critical role in regulating regional economies and directing how power is exercised through institutional and regulatory structures (Martin, 2006).
Second, in terms of economics, capital, and information have become
deterritorialized as they are less constrained by strong ties to place. With regards to the
firm, globalization frames transnational corporations (TNC) as being increasingly mobile
and placeless due to new opportunities that allow for easier relocation of production
across the globe (Piven, 1995). Indeed, capital (especially financial capital) is viewed as
being increasingly ‘footloose’ and hyper-mobile with the ability to expediently transcend
borders (Cox, 2005; Mitchell, 1997). As Dicken et al. (1997, p. 160) point out, “in this
scenario, capital would be infinitely mobile and completely footloose, shaking off all
forms of local and national allegiance or dependence; the principal agents of change
would be the all-powerful transnational corporations, the epitome of ‘placeless’ capital”.
However, location, place, and space remain critically important to how the economy
operates (Garresten et al., 2009; Hudson, 2002). For countries, regions, and communities
the discourse of hyper-mobility has resulted in the formation of policy focused on the
necessity of striking favourable bargains with industry to compete for capital (Glasmeier,
2000; Warf, 2008).

It is also thought that globalization will eventually lead to homogenization of
culture because: (1) national policies are increasingly unable to contain investment or
constrain markets (Fine, 2004); (2) innovations in communication and transportation
technology allow corporations to coordinate vast global production systems with ease
(Cox, 1997; Gertler, 1997); (3) corporations have the ability to act freely without
consideration for national or local consequences; (4) production of ‘global products’ for
the global marketplace is uncontested as consumers are viewed as having global tastes
(Taylor & Conti, 1997; Yeung, 1998); and (5) agency amongst individuals and
corporations within the global economy is driven by the market (Dicken et al., 1997). However, these factors fail to consider the resilience and resistance of local cultures. Rather than being obliterated or homogenised, many local cultures are able to incorporate various components of globalization leading to the rise of hybrid cultures (Featherstone, 1990).

Human geographers have been critical of this view, noting that globalization is in fact, not an entirely new phenomenon, but rather, it has existed in various forms since the birth of capitalism. Also, the depth of changes and the presupposed advantages accompanying neoliberal globalization have been overstated and are linked to chosen economic strategies (Brenner & Theodore, 2002; Amin & Thrift, 1997; Piven 1995; Wade, 1999). As Smith (2005, p. 895) points out “The question is not whether such trends are happening, for some people in some places, but what else is happening alongside and in blatant contradiction with it?” In terms of connectivity, today the world is simply experiencing a different variation of globalization than it has in the past. The world economy has been connected, to varying degrees, and in varying ways, for centuries (Hirst & Thompson, 1996). Regarding the strength of these connections, some have argued that national economies were more interdependent prior to 1913 than they were during Fordism (Cox, 2005; Jessop, 1999; Laxer, 1995). Swyngedouw (2000, p. 543) notes that, “only in recent years [have] parts of the world economy begun to approach again (at least in relative terms) the conditions of integration that characterized the world economy at the turn of the present century”. As such, many have debated that the representation of globalization as a quantitative rather than qualitative change is “little more than a mirage” (Dicken et al., 1997, p. 159). The important task for theory and
research is to identify how globalization represents new forms, speeds, directions, and patterns of connections (and inequalities) rather than processes of homogenization, and alternative responses and resistances to economic globalization (Massey, 1994; Peck, 1998; Thrift, 1994).

Despite the processes of globalization, the region remains integral to understanding things such as innovation and the various changes associated with restructuring. Restructuring has led to the resurgence of the region as an analytical focus for understanding the increasingly complex and fluid nature of the global economy (Paasi, 2009). This research - termed ‘new regionalism’ - found that regional cultures and institutions shaped economic growth and development. Regional development was successful in places because of the ability of local and state governments to foster institutional landscapes that encouraged reconfiguration of existing industries and entrepreneurship, which helped to maximise the benefits of investment (Agnew, 2000). Regional economies and institutions do not only react to changing global economies; their collective responses also contribute to global trends (Lee, 2002; MacLeod, 2001a; Warf, 2008). Hayter (2005, p. 193) describes how:

Global-local dynamics are explicitly interpreted as interdependent instituted processes in which the local and the global affect each other. Indeed, the one cannot be understood without reference to the other. Even the most insistent globalizing institutions require local presence becoming a part of local habits and customs. Even the most insistent local institutions cannot ignore global forces. Moreover, this role is not limited to a few ‘leading edge’ regions but applies generally, including to what are termed, not without ambiguity, ‘new economic spaces’.

The interdependence of inseparability of the global-local is referred to as ‘glocalization’. Global and local processes are interdependent and relational and should
not be thought of as separate but as occurring simultaneously. There are numerous local and global factors that influence decisions and choices within the global economy making it unproductive to think of these scales in a simplistic binary relationship (Belussi et al., 1998; Massey, 1994). As Thrift (1990; quoted in Tickell, 2000, p. 235) observes, “there is not a global financial structure ‘out there’, as a deus ex machina, but rather a spatially distributed network of money/social power which encompasses the globe... [The] local and the global intermesh, running into one another in all manner of ways”. Seemingly all prevalent ‘global’ processes are comprised of different best practices, each of which emerged at a specific time and place (Jessop, 1999). This emphasises the need to tease out the nature of the global and local linkages across different scales and the importance of constructing various ‘local models’ (Barnes, 1987; Sparke & Lawson, 2003).

If the key to understanding regions and localities is by mapping out their connections and interdependences across space (Peet, 2007), studying change within resource peripheries is important to understanding globalization because it yields important insights into regional changes and processes (Hayter et al., 2003, Pike, 1997). Many of the processes associated with globalization have long been examined in studies of resource towns. The stretching out of networks - time-space distantation - across space linking distant cores with the capital and power to coordinate and control production is nothing new. Reliance on volatile international markets has long been the cornerstone of staples production in Canada. The primacy of large, foreign, multi-national companies for the capital, expertise, and technology necessary for coordinating production is not new either. Time-space compression, driven by improvements to transportation infrastructures and communication technologies, has allowed companies to control and coordinate far
flung operations through the acceleration and intensification of relations, movement of capital, movement of skilled labour, and rapid communications. But resource peripheries remain isolated; space has not been annihilated, it remains quite critical (Thrift, 1994). For resource towns, these processes contribute to uneven development and inequality. Within the hierarchy of the global economy, resource peripheries continue to be marginalized.

A relational view of ‘the local’ as a meeting place is critical to the understanding of community-company relationships as it stresses the importance of endogenous and exogenous forces. This varies from traditional economic geography approaches, which focused primarily on the decision-making processes firms where resource-dependent communities were thought of as temporary creations to facilitate production to satisfy the needs of capital (White, 2004). As a result, little consideration was given to the role of regions or communities in shaping activities occurring within its borders or the impacts of economic change on the everyday lives of residents. Despite the processes of globalization, capital still requires connections to different places to circulate and create surplus value:

No matter how rapidly turnover times are accelerated, the movement of territorialisation remains endemic to capital, a basic structural feature of its circulation process. Capital remains dependent as ever upon relatively fixed, place-bound technological-institutional ensembles in which technology, the means of production, forms of industrial organization and labour power are productively combined to create and extract surplus value. The processes of apparent deterritorialization associated with globalization and the massive growth of finance capital since the early 1980s are therefore only one dimension of a more complex, unevenly articulated process of global sociospatial restructuring in which the reterritorialization of both cities and states played a constitutive role. (Brenner, 1997; quoted in Jessop, 1999, p. 29)
In my research, for example, emphasis is given to constructing a contextual understanding of the regional forestry sector, embedded within a rapidly changing global economy (outlined in Chapter 3). A conceptual framework combining the study of institutions, the importance of place, and the nature of global-local relationships is well suited to elucidating the unique nature of community-company relationships within a resource periphery because:

... forest industrial areas of [countries] are made of complex webs of towns and mills that are geographically and historically distinct. Each location has a history of its own, discernible in the daily life of the community and often present in the physical landscape and in the minds and memories of the elderly people who have lived through the stages of industrialization. The forest communities are both products of and tools for industrial change that has been international by its character from the beginning. (Lethinen et al., 2004, p. 6)

This perspective reasserts the importance of both place and space, across multiple scales when considering relationships within and beyond regions (Amin & Thrift, 1997). It also opens the door, so to speak, to a variety of future possibilities for places and economies (Lee, 2002). For Cox (1997, p. 5), balancing different global and local forces and the ties that capital and people have to various places are essential to understanding the nature of change and future possibilities:

Any assessment of the globalization debate has to take into account not just the deterritorializing forces, the emergence of a world of enhanced locational substitutability, but also the territorializing: those conditions, those social relations that result in enduring commitments to particular places, which can in turn be a source of competitive advantage and so serve to reinforce those commitments.

These characteristics create unique openings for studying how capitalism operates, changes, creates, and breaks down (Cheshire, 2010; Winson & Leach, 2002).
2.3. Staples theory: an institutional approach to Canadian resource development

To understand the position of BC’s forest communities in the global economy, one must examine the unique nature of resource development in Canada (Markey et al., 2000). Resource development has profound implications for the geographic location and primary function of resource communities (Hayter & Barnes 2001) and carries with it several implications for local economies and internal community structures. As Stamps (1995; quoted in Watkins, 2007, p. 222) notes, “a staple was not simply a commodity: it had more than quantity and price. It had special qualities that gave rise to a distinctive set of institutions”. While British and American scholars have developed a number of theories addressing resource development and extraction, their translation into the Canadian context is problematic because of our unique history and geographies (Hayter & Barnes, 2001; Marchak, 1983). The following section reviews the staples approach to development in Canada (Weaver & Gunton, 1986) and the resulting core-periphery relations and structural rigidities (Bradbury, 1979b; Drache, 1991; Reed, 2003b). Each of these themes will be related to the nature of, and implications for, forestry-dependent communities.

Harold Innis (1933) developed staples theory to describe the social, political, and economic implications of Canadian resource development (Markey et al., 2000). More specifically, staples theory described and explained uneven development and the peripheral role Canada assumed within the global economy (Weaver & Gunton, 1986; Reed, 2003b). Innis posited that Canadian economic development centred around the extraction and export of minimally processed natural resources, termed staples (e.g. fish, fur, wheat, timber, and minerals) for the benefit of foreign metropoles – urban cores.
Hayter, 2000a; Marchak, 1983). While many economic theories predicted that staples extraction would propel economies towards maturation brought about by development of higher-order industries and independence - a neoclassical interpretation of the theory - Innis countered that diversification and maturity was neither automatic, nor assured (Marchak, 1983). Indeed, Innis’s brand of staples theory has been labelled pessimistic because he saw the institutional framework associated with staples production as posing long-term barriers to development (Drache, 1991).

Staples economies are precarious because the spatial and temporal relationships within them are fragile. With regards to regional development, staples theory warns “resources are soft sands on which to build an economy unless developed with extraordinary care” (Clement & Williams, 1997, p. 51). Successive federal and provincial governments have subscribed to a neoclassical interpretation of the staples approach in designing policies and programs that hold fast to the assumption that, “if a mill, mine, or other large project [was] established, it [would] eventually spin off all kinds of economic benefits, the population [would] grow, new industries [would] be attracted to the region, and the area [would] become a stable community” (Marchak, 1990, p. 95).

Through staples theory, the economic history and geography of Canada is viewed as being shaped by the export of natural resources to meet the needs of continental and international markets (Weaver & Gunton, 1986). Given the abundance of natural resources, it is not surprising that national and provincial governments have long based economic development strategies on resource extraction (Marchak, 1983). Innis (1933) argued that throughout history Canada’s place in the global economy was determined by the export of minimally processed natural resources to external markets. From the cod
fisheries in the Atlantic to grain farming on the Prairies, to forestry in BC, resource development linked different regions to the global economy in unique ways. The nature of geography and the structure of staples economies have adverse implications for Canadian society and regional economies (Gale & Gale, 2006; Reed, 2003b). The staples approach argues that these regional economies are typified by: (1) periods of instability and crisis; (2) truncated economic development; and (3) dependency and vulnerability.

Highly specialized economies that are based upon staples production are inherently unstable and are susceptible to business and resource cycles, which make them vulnerable. Within the context of Canadian staples industries, instability is entrenched because of the predominance of exogenous interests and powers. For the periphery, development is propelled by foreign firms and markets (Hayter & Barnes, 2001). Foreign firms invest in low-cost resource extraction to fulfil production needs in other places (Robinson, 1984). As a result, Canadian operations are often only small pieces of geographically expansive enterprises subject to the decisions and strategies of distant corporate managers (Barnes, 2005).

With regards to markets, the primary export orientation closely links the success and failure of resource regions to international commodity prices (Hayter & Barnes, 2001). Reliance on external markets to set commodity prices have made staples regions susceptible to the vagaries of the international marketplace (Bradbury, 1980). In 1996, for example, BC exported approximately 91% of its forestry products to international markets (Hayter, 2000a). International commodity markets are volatile due to the influence of supply and demand over commodity prices, something over which local
economies have no control. Reliance on international markets creates a situation where staples economies are ‘price takers’ not ‘price setters’\(^2\) (Clapp, 1998).

Instability is also rooted in the process of globalization, which has increasingly placed Canadian resource industries in direct competition with international staples producers (Hutton, 1997). This process has further propelled resource-based communities into the global marketplace. As mentioned, forestry-dependent communities are a meeting point for social, economic, and environmental forces from local, regional, national, and international scales (Hayter, 2003). Community instability can also be triggered by changes in technology, institutional changes within forestry corporations, corporate bankruptcy, or labour disputes (Barnes et al., 2001; Hak, 2007). In forestry-dependent communities these periods of stability and instability are commonly referred to as ‘boom-bust cycles’. These oscillations have important implications for the social and economic well-being of residents (Halseth & Sullivan, 2002; Nelsen et al., 2010; Robinson, 1984). Referring to the relationship between business and community, Schneider (1969, p. 402) states “the economic life of the community, its periods of prosperity and depression, reflects the rhythm of its industries”. It is also important to note that not all communities recover from economic downturns.

Prior to globalization and restructuring in the 1980s, it was proclaimed that resource towns had overcome instability. In his seminal model, Rex Lucas (1971) hypothesized that communities had transitioned through different stages to reach

\(^2\) Refers to a situation where export dependent regions and communities have no control over commodity prices.
maturity\textsuperscript{3}. Mature communities were characterized by stable economies, labour markets, community structures, and demographic profiles. However, as predicted by staples theory, any stability achieved in resource economies is constantly being undermined by various local and extra-local forces (Barnes \textit{et al.} 1999). As a result, a number of non-linear community transition models were updated to envision numbers of possible ‘alternative futures’ for the (under)development of resource towns (Figure 1). Most recently, companies have looked to the past and moved to make settlements contingent upon the needs of industry by eschewing the development of permanent town sites in favour of temporary fly-in/fly-out settlements (Markey, 2010).

\textsuperscript{3} Lucas (1971) identified four stages: construction, recruitment, transition, and maturity. Others like Riffel (1975) identified seven stages: pre-discovery, prospecting, construction, industrial operation and community improvement, industrial and community operation, community diversification, and community maturity.
The final point raised by staples theory is that limited incentives for diversification exist, contributing to continued economic specialization and concentration (Table 1). Residents are reluctant to seek diversification because when times are good there is little need for change (Bradbury, 1980). The long period from World War II until the mid-1970s was one of economic prosperity (Hak, 2007). As such, entrenched corporate interests raised few questions about the long-term stability of resource development or alternative forms of production (Rutherdale, 1994). Provincial and municipal governments as well as regulatory agencies are also dependent upon staples extraction because of the revenue generated from resource rents, taxes, and the
employment created (Halseth, 2005). This dependence, coupled with close ties between politicians and business elites (and the exchange between these groups), removes many of the political and economic incentives to engaging in alternative development strategies (Clapp, 1998; Wilson, 1998). As a result, many local economies became ‘trapped’, as the structure of staples economies, which Innis referred to as rigidities, discouraged maturation ensuring that development is only ever partial (Hayter, 2000a). The staples trap is unique to resource peripheries. Whereas cores have been able to use crises to reorganize or restructure their economies to address uneven development, peripheries have not (Drache, 1991).

Table 1:
Impacts of staples development on CED

<table>
<thead>
<tr>
<th>Type of Impact</th>
<th>Specific Impact</th>
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<tbody>
<tr>
<td>Economic</td>
<td>Economic base</td>
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<td>Export focus</td>
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<td>Specialization</td>
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<td>Commodity Production</td>
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<td></td>
<td>Environmental degradation</td>
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<td>Government</td>
<td>Corporate/government alliances</td>
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<td></td>
<td>Dependency</td>
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<td></td>
<td>Inertia with respect to change</td>
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<tr>
<td></td>
<td>Megaproject scale</td>
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<tr>
<td></td>
<td>Centralization</td>
</tr>
<tr>
<td>Attitudinal</td>
<td>Economic dependency</td>
</tr>
<tr>
<td></td>
<td>Low entrepreneurial activity</td>
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<tr>
<td></td>
<td>Limited planning</td>
</tr>
<tr>
<td></td>
<td>Marginalization</td>
</tr>
</tbody>
</table>

Source: Markey et al., 2005, p. 55

Truncated economic development is also linked to the predominance of foreign corporate ownership in Canada (Britton & Gilmour, 1978). As Hayter (2000b, p. 302) notes the branch-plant structure has resulted in “connections [that] are global and internal
rather than local and external.” During Fordism, the majority of the forestry corporations within BC were foreign owned (Barnes et al., 1999). As a result, there was little incentive for companies to re-invest in the local economy. The majority of the capital generated from industrial activity leaves the community and the region contributing to uneven development (Marchak, 1983; Massey, 1994). Within the periphery, specialization in extraction and primary manufacturing results in weak forward, backward, and final demand linkages⁴ as these activities (especially forward and backward linkages) tend to be concentrated within urban cores (Hayter, 2000a). Over time, economic growth does not automatically result in development (Drache, 1991). Research and development activities involving the creation of new technologies and products happen in other places. This economic leakage limits the amount of capital available within the community for economic diversification. As a result, local development efforts are usually centred on supporting the existing resource sector.

Innis astutely pointed out that within Canada, staples-dependent economies rarely develop into mature, diversified economies. This is related to the growth of resource sectors being based on the principle of comparative advantage. Comparative advantage refers, “to the ability of a region to produce a good more efficiently than another” (Marchak, 1983, p. 16). As comparative advantage is rooted in orthodox economic theory, it is profitable for regions endowed with an abundance of a particular resource to specialize economies, rather than diversify. It also means that for resource industries to

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⁴ Within the context of a staples economy forward linkages refer to the development of other industries that use the staple as an input (e.g. secondary manufacturing plants, sawmills). Backward linkages are businesses that provide inputs for staples production (e.g. machinery, chemicals, specialized producer services). Final demand linkages refer to the demand consumer goods and services arising incomes and profits generated from staples activity (e.g. retail services, entertainment) (Auty, 2002; Hayter, 2000a, pp. 26-28).
persist, their pricing has to be competitive on world markets. Established infrastructures, settlement geographies, and trade relationships all work against economic diversification, leaving staples regions with truncated economic development structures.

Staples economies are also subject to resource cycles that impact the availability of resources and costs of production. Clapp (1998) finds that resource production moves through three stages as economies move from growth to decline. These stages are applicable to both renewable and non-renewable resources. The discovery of resources is accompanied by an economic boom and frantic activity to develop resource stocks and bring them to market. After this there is a period of stability as local operations gradually increase intensity of operations with capital and technology to maintain profitability. As the highest quality reserves are exploited first, and processing facilities are located adjacent to these reserves, the costs of production rise as economic rent falls (cost-price squeeze). The final stage involves collapse or decline as the resource stocks are depleted production or replaced by lower cost producers in other regions or by other products.

Staples development has played an important role in shaping the spatial organization and power relations between rural hinterlands (resource peripheries) and the metropolis (urban cores) (Watkins, 2007). Resource development in BC occurs in a series of dispersed resource-dependent communities designed as extraction centres. These resource towns tend to be located in northern, rural, and remote areas close to resource stocks (Robinson, 1962). Extraction activities are financed and coordinated from a small number of metropolitan centres (the core). These metropolitan centres are responsible for organizing production, exporting staples to international markets, and housing corporate offices and decision-makers (Hayter et al., 2003). The power of corporate decision-
makers also extends into the periphery to influence municipal politics, housing arrangements, economic vision, and community identity (White, 2004; Rollwagen, 2006; 2007).

The core-periphery relations resulting from this approach had important implications for resource communities. Most notably, decision-making and power are concentrated in the metropolitan core (Barnes et al., 2001; Marchak, 1983; Massey, 1994; Robinson, 1984). In BC, the political institutions responsible for regional development and resource management policy decision-making are concentrated in the Vancouver-Victoria metropolitan region (Halseth, 2005; Marchak, 1983). The core-periphery relationships underpinning staples development have left resource communities both geographically and politically marginalized (Hayter & Barnes, 2001; Robbins, 1998).

The export of minimally processed goods also create and foster dependence upon the core that hindered economic development within the periphery (Barnes et al., 2001). While many economic development models assume that staples development would be followed by an evolution of local and regional economies, resource communities throughout Canada have experienced limited economic development (Bowles, 1992). Instead, it has been limited as producers are export oriented, production is dominated by foreign owned multinational corporations, and the forestry sector is characterized by a branch-plant system with limited higher-order production (Barnes et al., 2002; Bradbury, 1979b). Innis argued that the nature of staples development creates a situation where staples regions become part of the margin, with limited opportunities for change. Core-periphery relationships have contributed to uneven development characterized by physical dispersal, skewed power relations, low levels of human capital, low levels of
financial capital, and poor infrastructure in resource communities (Bradbury, 1979b; Marchak, 1993).

2.4. Conclusion

This chapter has outlined a framework for understanding the different factors and contexts influencing community-company relationships. In doing so, a number of literatures were drawn upon to highlight the relationship between the global and the local. First, institutional economic geography was reviewed to examine the nature of economic activity. By using an institutional approach, we must account for both social and economic institutions. Within the context of community-company relationships this helps to identify how both the company and community negotiate relationships. Also, the historical specificity of local economic development must be addressed to determine how the economy has evolved over time. This is important when looking at community-company relationships because it helps us to understand how and why current relationships were formed.

Second, a framework for studying resource towns was constructed by drawing upon contributions from locality studies, globalization, and new regional geography. These bodies of research emphasize the importance of place when interpreting economic activity and how the peculiarities of place play an integral role in shaping and mediating global forces. When considering community-company relationships, these literatures outline the importance of examining the characteristics of place. Different conceptualizations of globalization were reviewed to outline the nature of global-local connectivity. It is argued that the global-local conceptualization of globalization is
particularly relevant to resource-dependent communities as they are a meeting place for capital, markets, technology, information, and production. This global-local perspective builds on the importance of place by asserting that the interaction of both global and local factors need to be considered by social scientists when addressing resource-dependent communities and community-company relationships.

Finally, staples theory was drawn upon to emphasise the unique nature of resource development in the Canadian context. Drawing from the work of Innis, staples development is seen as creating a set of institutions that have important implications for development in the periphery. For resource peripheries, this has resulted in distinct geographies characterized by uneven power relations, partial economic development, and systemic vulnerability and dependence.
Chapter 3: An Institutional Economic Geography of BC’s Interior Forestry Sector

Perhaps the best entry point for discussing the processes shaping community-company relationships is through an overview of forestry-dependent communities and the forest industry. The study of forestry-dependent communities is particularly difficult as they are at the intersection of a number of micro and macro social, economic, political, and environmental forces (Barnes et al., 2001). As such, any research examining the dynamics of a forestry community will have to address embedded and complex global and local institutions (Hayter, 2003; Wilson, 2004). The forest industry is equally complex as it is integrated into the global economy and must respond to both national and international demands (Hayter, 2000a). The forestry sector is also influenced by resource cycles and the stochastic nature of complex natural systems (Clapp, 1998). As a result, those interested in assessing different aspects of community-company relationships will have to account for social, economic, political, technological, and environmental systems (Hayter, 2004a). Furthermore, a number of local characteristics such as remoteness, size, company structure, resource availability, and history must be examined (Tonts et al., 2011).

This chapter outlines the development of the forestry sector in the northern Interior. In order to situate Houston, Mackenzie, and Quesnel within broader global and
regional trends, important events within each of the study communities are highlighted throughout the chapter. The chapter is organized into two sections outlining periods referred to as Fordism, roughly spanning the period from the Second World War to the 1970s, and post-Fordism, beginning with the 1980s recessions until present.

3.1. BC’s forestry regions

The province of British Columbia is approximately 95 million hectares in size, two-thirds (approximately 65 million hectares) of which is covered by forest. The area available for timber harvesting is approximately 24 million hectares (MoFR, 2006b). Ten percent of BC’s forests have been classified as protected areas. Ninety-five percent of forest land is public and management is overseen by the Ministry of Forests, Lands and Natural Resource Operations while forest extraction, processing, and management activities are undertaken by private companies.

The forest industry is divided into two distinct regions: the Interior and the Coast. The Coastal region spans the area west of the Cascade and Coast Mountain Ranges from Prince Rupert to Vancouver; an area approximately 16.5 million hectares in size (Pearse, 2001). The total coastal harvest was 21 million cubic metres in 2003. Lumber and pulp mills on the Coast export mainly to markets in the US, Japan, and Europe. In terms of direct employment, logging contributes 10,400 jobs, sawmills and manufacturing contributing 22,200 direct jobs (Edgington, 2004b).

The Interior forestry sector is further divided into the northern and southern regions due to distinct species mix, topographies, and harvest volumes. The southern interior is approximately 24 million hectares, from the US border north to Quesnel. The
The physical geography of each region has shaped the development of the forest industry due to a different mix of tree species, growing seasons, and topography. In terms of species mix, the Coastal region is dominated by larger tree species. Longer, wetter
growing seasons contribute to rapid forest growth. The major species in the Coastal region include Douglas-fir, western hemlock, red cedar, and Sitka spruce (Farley, 1979). These species are suitable for producing higher-value decorative and value-added products. The Interior is characterized by a shorter, drier growing season, producing smaller trees at lower volumes per acre than on the Coast (Farley, 1972). The major tree species include spruces, lodgepole pine, and fir that are suitable for the production of commodity grade lumber and pulp. The southern Interior has a greater range of species than the northern Interior, with the latter dominated by fir and spruces (Farley, 1972).

3.2. Fordism: World War II – 1970s

Fordism\(^5\) refers to an organizational framework of industrial production and consumption relations that shapes technology, economy, society, and culture (Peet, 2007). In terms of production, Fordism is most commonly related to the mass production of a limited number of standardized products and supported by economies of scale, corporate organizations, Taylorisation of work, and unionization of labour (Barnes \textit{et al.}, 1999; Hak, 2007). In the BC forestry sector, Fordism was prevalent from the mid-1940s to the mid-1970s. This period of time was associated with high levels of productivity, low levels of unemployment, high wages, and the prominence of government, corporations, and unions.

Throughout this period, forestry communities enjoyed relative stability and prosperity. Many policy makers and academics theorized that resource communities had reached maturity (Lucas, 1971). Economic downturns during this period were temporary

\(^5\) Fordism gets its name from Henry Ford, who pioneered the use of assembly line production techniques and the application of Taylorism of work tasks to revolutionize automobile manufacturing while providing high wages to workers, which in turn created consumers for goods.
and offset by collective bargaining agreements and government programs (Hayter, 2000a). This stability, coupled with corporatization of the forestry sector, played a large role in limiting economic development at the local scale. Prosperity meant that communities were heavily reliant on companies. This inhibited the maturation and diversification of community economies.

Regional development initiatives throughout this time, known as the province building era, were focused on developing resource ‘megaprojects’ (Weaver & Gunton, 1986), particularly within the Interior (Resnick, 1985). In BC, large-scale transportation, communication, and hydroelectric projects were developed to access remote natural resource reserves (Black, 1989; Isitt, 2011; Williston & Keller, 1997). A key assumption underpinning regional development throughout Fordism was that resource development would be an engine of growth for the provincial economy. Halseth (2005) notes that this era marked a turning point for resource extraction within the province. After the mid-1940s, resource extraction became a highly industrialized process, rooted in top-down managerialism and was coordinated by large, vertically integrated, multi-national firms.

The provincial government also assumed that free enterprise was the appropriate vehicle for driving provincial development (Black, 1989; Hak, 2007; Halseth, 2005; Rosenberg, 1993) and alleviating regional disparities (Markey et al., 2006; Savoie, 1986). Therefore, the province building framework was carried out through a number of large-scale resource development projects in support of private industry. This framework laid the foundation for the cooperative relationship between the provincial government and forestry corporations, which is still prevalent today.
Furthermore, the provincial government understood that for industrial resource development to be successful it had to be driven by large corporations (Bradbury, 1979b; Hak, 2007). The rationale was that large corporations were well equipped to pull together the large amounts of capital required for resource extraction (Hayter, 2001). The provincial government was supportive, as it was believed that resource megaprojects would generate local employment, provincial tax revenue, and opportunities for spin-off industrial development. It was also believed that large corporations would be able to stabilize provincial revenues by establishing long-term, large-scale development projects (Halseth, 2005).

The province building era envisaged northern BC as an untapped, inexhaustible bank of resources waiting to be developed (Markey et al., 2005). Halseth (2005, p. 330) asserts that, “in many respects, rural BC was imagined by policy makers as a vacant resource bank ready to be brought into productive use”. Stelter and Artibise (1978) suggest that many of these assumptions were embraced because of the general optimism held by government and society in the post-World War II era. During this period it was believed that effective management of resources and stable economies could be achieved through sound scientific management (Hak, 2007).

Expansion and consolidation underscores the development of the forestry sector in the northern Interior following World War II. The provincial government adopted a regional development model focused on expansion that drove growth throughout the Interior. Mills produced commodities for export and companies relied heavily upon the American market where pulp, paper, and lumber were not subject to tariffs. New tenure arrangements were designed to grant long-term access to large areas of forest to
companies. These tenures were designed to entice investment from large, multinational corporations. The assumption was that these large companies were best suited to provide the investment needed for large production facilities and steady employment, withstand market fluctuations leading to a stabilization of provincial revenues, and to provide the capital and expertise required to manage forests. Policies during this period were largely successful in meeting these goals.

The provincial government also invested in the infrastructures necessary to facilitate successful staples extraction (Edgington, 2004b). Transportation, communication, and power infrastructures were all developed to drive expansion of resource industries (Bradbury, 1978; Porteous, 1987). Infrastructure provided incentives by lowering risk and increasing profits for capital while transferring risk to the public sector (Gunton, 2003). The provincial government also assumed responsibilities in the creation of new communities dedicated to resource extraction. These policies contributed to the rapid growth of the provincial annual cut from 22 million cubic metres in 1950 to 55 million cubic metres in 1970 (Rajala, 2006). Most of this increase came from the Interior. Wilson (1988, pp. 21-22) describes the factors that opened up the northern Interior to industrial forestry during this period:

The 1950-70 period witnessed rapid expansion of markets, long periods of buoyant prices, large private sector investment in manufacturing capacity, major public investment in infrastructure, and rapid advances in technologies of logging, transportation, and utilization. These factors helped to open vast new areas of the province to large-scale industrial forestry while transforming the perception of timber previously thought unusable... The problems of the coastal industry... were rendered less significant by the industry’s rapid advance into the interior.

The geography of production in the Interior was unique. In the 1950s, most lumber production was carried out by the bushmill-planer system where rough lumber...
was cut in small, portable bushmills and processed at a centralized planer mill (Drushka, 1998). It was common to have hundreds of bushmills feeding rough lumber to a few centralized planer mills located in settlements along rail lines (McRoberts, 1988). Portable mills processed timber into rough, green lumber of varying sizes and dimensions. The largest sawmills followed the Canadian National Railway's (CN) line running east to west across central BC. Many of these smaller mills produced between 2,000 and 3,000 board feet of rough lumber per day while large mills could produce 85,000 board feet per day (Hak, 2007). Portable mills were suited to the geography and timber resources of the region because they could be easily moved to remote timber stands. Further, bushmills required small amounts of capital investment. External capital had yet to express interest in the region and local people with a little money could quickly form a lumber company and go into business for themselves (Hak, 2007).

For northern BC, the 'roads to resources' policy played a significant role in shaping the development of resource-dependent communities. The premise of the policy was to make the north accessible through provision of basic infrastructure (Markey et al., 2006). Williston and Keller (1997, p. 169) noted that, "it was W.A.C. Bennett's firm belief that if he could make BC's road and rail services efficient, organize effective resource management and provide relatively cheap energy sources, it would be possible for his government to step back and let free enterprise develop to its full economic potential".

The development of road and rail networks played a key role in alleviating barriers to markets and opening up resources for development (Rajala, 2010; Wedley, 1998). Expanding road networks and the introduction of diesel trucks also drove spatial
separation between mills and logging operations (Byron, 1976). As roads improved, and logging and transport technology developed, logging operations were no longer confined to the narrow strip of timber adjacent to the CN rail line. The ability to move logs instead of lumber contributed to agglomeration and growth of processing facilities in existing centres such as Prince George, Burns Lake, Smithers, Williams Lake, and Quesnel (Farley, 1972; Vance, 1981). The geographic expansion of lumber production also followed PGE railway extensions\(^6\) and the Hart Highway into the hinterland. The provincial government also set reduced freight rates on the PGE for lumber, pulp, and paper to stimulate industry (Zimmerman, 1997).

High prices for lumber from the mid-1950s to 1960s drove the numerical and aerial expansion of sawmilling throughout the region. The geography of production changed as the number of mills grew in established centres. Production also expanded north as the PGE railway arrived in Prince George in 1952 and was later extended to Fort St. John and Fort Nelson. In the Prince George Forest District, the number of sawmills increased from 43 to 687 between 1939 and 1956. Similar trends were present in Houston and Quesnel. Between 1940 and 1954, the number of sawmills in Quesnel grew from 33 mills to 180 (Byron, 1976). In Houston, the number of mills increased from two to 84. Planer mills in the region followed the same pattern, growing from approximately six before World War II to almost 100 by 1954 (Bernsohn, 1982).

In terms of employment, the lumber industry was characterized by high degrees of instability until the end of the 1950s because most logging operations and sawmills

were seasonal (McRoberts, 1988; Rutherdale, 1994) and operators lacked the capital or access to markets required to weather market downswings. For instance, Mullins (1989) found that between 1940 and 1950 the market price for spruce closely followed the number of active sawmills in the region. In terms of manufacturing, the Forest Service estimated that prior to the 1960s most mills operated one shift for eight to ten months a year (F.L.C. Reed & Associates, 1975). Further, most operations lacked the capital necessary to keep mills running when weather conditions inhibited logging (Cottell, 1974).

Local entrepreneurs dominated ownership of the regional lumber sector. Until this point, Coastal companies expressed little interest in the Interior for two reasons. First, foreign capital was dissuaded from investing in the region because of instabilities associated with lumber prices and timber supplies (Mullins, 1989). Second, the unique geography and resource base also dissuaded investment by Coastal companies because established technologies and practices were incongruent with the fiber available within the Interior (Vance, 1981).

The evolution of Quesnel’s forestry sector followed patterns seen throughout the central and northern Interior. Prior to the implementation of sustained yield, sawmilling in Quesnel was primarily a seasonal activity run by ranchers (McRoberts, 1988). Growing demand for construction grade lumber from the US stimulated investment in the region and led to an increased number of permanent and temporary mills throughout the 1950s. By the mid-1950s there were several planer mills processing rough lumber from 150 portable mills. Quesnel became an important forestry centre in the Interior because of
its central location in a large timber supply area and access to markets via the PGE rail line.

Despite the numerical dominance of local entrepreneurs, large mills were generally owned by extra-local capital. In Quesnel, Vancouver businessman John Bene established the Western Plywood mill, the region’s largest employer. Leslie Kerr operated large sawmills in Quesnel and Williams Lake to supply his Vancouver-based lumber export business. Similarly, John Enrst, the Brownmillers, and the Ketchams all moved to Quesnel to establish sawmills and oversee operations. Houston was different as Buck River Lumber Company, operated by local entrepreneur Harry Hagman, held the majority of the local timber quota prior to 1965.

The bushmill-planer system was highly inefficient in terms of logging practices and lumber recovery factors. Inaccuracy of equipment and poor operator skill left large amounts of waste in the bush and at planer mills. Sloan (1945, p. 60) singled out portable mills as being, “itinerant and irresponsible despoilers of good wood”. By the mid-1950s it was estimated that in the northern Interior only 25% of a timber stand ended up as lumber, the rest was either burnt, left behind as waste, damaged during logging, or ended up as sawmill waste (Parminter, 2001). In sawmills, it was estimated that between 36 and 54% of timber entering a mill would end up as trimmings, edgings, or slabs (Williston & Keller, 1997).

Following the 1947 Sloan Commission, BC embarked on industrialization and expansion of the forestry sector, predicated on the principles of sustained yield. Development of the Interior was an integral part of the Social Credit government’s expansionist policies. With regards to forestry, policy was primarily concerned with
driving regional development through resource exploitation (Cashore et al., 2001). This policy envisaged large corporations as the best vehicle for securing stable rural economies (Prudham, 2008b). The Social Credit government tied regional development and expansion to pulp mills, particularly in the Interior, and by creating new types of tenure that facilitated the transition from small, undercapitalised mills to large, complex, integrated industrial operations (Bradbury, 1977).

The goals of sustained yield were pursued by creating two types of tenure: private working circles, later known as tree farm licenses (TFLs), and public working circles, later known as public sustained yield units (PSYUs) (Hayter, 2000a). Public working circles were envisaged as large geographic areas supplying timber to a number of small companies while private working circles were designed for large operators. Companies holding TFLs were responsible for management responsibilities in exchange for exclusive cutting rights. In PSYUs, the Forest Service was responsible for forest management as small companies were seen as being unwilling or unable to accept management costs and responsibilities (Farley, 1979). Companies usually obtained access to stands in specified areas by bidding on timber sales. In the Interior, tenure was primarily granted through short-term timber sales in PSYUs.

Large companies began to appear in the Interior in the 1960s due to the large capital investments required for mining and forestry megaprojects. In the forestry sector, the entrance of large American and Japanese corporations was linked to the establishment of the pulp and paper sector (Hak, 2007). This period was marked by the displacement of local mill owners by a few large non-local companies (Porteous, 1987). As companies became larger and vertically integrated, they began moving managerial functions from
the periphery to Vancouver to coordinate increasingly complex operations across the hinterland (Nelson & MacKinnon, 2004). Being located in Vancouver allowed managers access to higher-order services and facilitated quick interaction between other managers and government officials (Hutton & Ley, 1987).

The provincial government actively courted foreign direct investment, seeing it as a vehicle to facilitate rapid development of the forest sector and the region (Bradbury, 1977; Hayter, 2000a). Forestry became increasingly complex as multi-national corporations entered the region and a series of partnerships, mergers, and takeovers ensued. Relationships stretched out across the globe as companies coordinated extraction, production, and marketing from a web of offices and boardrooms within and outside the province.

The growth of the Interior forestry sector during this period was rapid. Farley (1972, p. 96) noted that change “that took place on the coast over a span of 100 years have been repeated in the interior within the space of 25”. By the 1960s the forces of centralization, consolidation, and integration, which had been implemented by the Royal Commissions, took hold. Interior sawmills became more productive and efficient, driven by mechanization, to achieve economies of scale, and an emerging chip market that helped them sustain production when lumber prices dropped (Apsey, 2006; Edgell, 1987; Marchak, 1983). By 1972, the total harvest in the Interior exceeded the Coast.

The government saw an opportunity to utilize sawmill waste to form the basis for the Interior pulp sector. This solution was unique because Coastal operators produced pulp from chipping whole logs, waste was burned in beehive burners or used it to heat boilers. An early study by MacMillan Bloedel had indicated pulp mills in the Interior
were not economically feasible. However, a small government study by the Prince George Board of Trade concluded that there were enough sawmill residues throughout the region to support pulp mills. Once it was determined that it was technically possible to support a pulp mill with sawmill waste, the government needed to establish a fiber source because utilizing sawmill waste alone was too risky to secure investment, as chip prices would be subject to the market. The key obstacle facing industry and government was that much of the wood within PSYUs was already allocated to sawmills (Pearse, 1976). The government sought to encourage investment by designing tenure arrangements that would create a cheap, secure source of sawmill waste coupled with long-term access to vast amounts of pulpwood (Parminter, 2000).

Establishment of the pulp sector significantly changed tenure arrangements, the structure of sawmilling, and forestry-dependent communities. Pulpwood Harvesting Area agreements (PHA) were designed by industry and government to secure access to timber that was too small to be utilized by sawmills at reduced stumpage rates for 21 years (Drushka, 1998; Rajala, 2010). Pearse (1976, p. A 18) noted that this type of tenure designed to “superimpos[e] a complementary pulp industry over the established sawmilling sector”. For instance, licensees were required to build a pulp mill and purchase sawmill residues within a specified geographic area. Pulp mills were also required to sell any saw logs harvested to regional sawmills, and the sawmills were required to sell chips to the pulp mill.

Castlegar had the first operating pulp mill in the Interior. By the mid-1960s, three pulp mills were established in the northern Interior in Prince George by Noranda and Mead Corporation (Northwood Pulp), Canfor and Feldemuhle (Intercontinental Pulp),
and Canfor and Reed Paper (Prince George Pulp and Paper). By 1975, there were nine pulp mills in the Interior. Foreign companies owned stakes in 23 of 25 pulp mills in the province by the end of the 1970s. The entrance of foreign capital into the pulp sector also changed the ownership structure and size of sawmills because companies needed chips to supply mills (Bernsohn, 1982). The pulp and paper sector played an important role in reinforcing the primacy of American capital, technology, and markets as “mills were built by American capital, tooled with American machinery, reliant on American replacement parts, their semi-processed products destined for American markets, with value to be added by American workers” (Isitt, 2011, p. 33).

Solid wood tenures were also changing by the 1960s because of over-cutting and increased competition. In PSYUs the government sought to enhance the stability of established operators to secure investment in larger mills by moving away from short-term timber sale auctions7. Regional timber supplies in some areas were becoming an issue as logging exceeded allowable annual cut (AAC) levels8. The quota system was devised as a way to distribute the right to cut a percentage of the AAC amongst established operators in an area. Quota levels were distributed amongst established operators based on their previous cut levels (Drushka, 1998). This system did not have legal standing but would remain an integral form of tenure until the 1978 Forest Act (Pearse, 1992).

In terms of consolidation of sawmills, a key aspect of the quota system was the protection and privileges it afforded established operators. First, bidding was no longer

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7 In the Interior prior to the 1960s, it was common for the Forest Service to issue timber sales ranging from one to ten years.
8 AAC refers to the annual volume of timber in cubic metres that can be harvested for a given area.
conducted via public auction but occurred through sealed bids. Established operators were only required to match the highest bid. Second, new entrants were charged a non-refundable bidding fee that was forfeited if they did not win. These changes meant established operators “virtually owned perpetual licences” as competition for timber was effectively eliminated (Marchak et al., 1999, p. 61).

The quota policy changed the geography of production because it contributed to consolidation and centralization of mills. In order to compensate established operators for their role in developing the region, government made quotas transferrable. The only way to enter the sector was to purchase quota from established operators because bidding systems restricted new entrants (Haley & Luckert, 1995). This was beneficial for established operators as most sawmills (especially portable mills) had little value without timber. Quota became an increasingly valuable asset that had cost little to obtain (Bernsohn, 1982; Zimmerman, 1997).

The success of government policies aimed at encouraging consolidation and investment were apparent in Quesnel. As competition for timber supplies increased and the quota system was established, local entrepreneurs with capital purchased bushmills to secure quota and invested in integrated mills. The community’s population grew rapidly between 1951 and 1956 as it became a processing centre and large mills provided stable employment. After the 1950s the local forestry sector consolidated as larger companies like Western Plywood, Lignum, and West Fraser purchased local mills to fully utilize timber and to secure tenure.

The growth of the pulp sector and increased revenue opportunities from chip markets also drove consolidation of sawmills. The original PHA agreements prohibited
holders from competing with established sawmill operators for saw logs, which drove many pulp companies to purchase sawmills. To ensure acceptable chip costs, companies either built new sawmills or acquired quota to consolidate timber holdings and minimize completion for fiber (Bernsohn, 1982; Rajala, 2010). A report compiled by F.L.C. Reed & Associates (1975, p. 41) found that, “by 1973 pulp mills owned or controlled 34 percent of total sawmilling capacity in the over 40 million board feet per year capacity class”. For example, after Northwood established a pulp mill in Prince George it purchased Eagle Lake Sawmills, Bulkley Valley Forest Industries, Fichtner Lumber, and sawmills in Okanagan Falls and Princeton (Zimmerman, 1997).

There was a rapid decrease in the number of mills throughout the region as stationary mills replaced bushmills. Larger, mechanized mills strove to achieve economies of scale by mass-producing a narrow range of commodities for export (Hayter et al., 1994). Sawmills with capital also purchased debarking and chipping equipment in order to gain access to regional chip markets (Edgell, 1987). Chip markets allowed sawmills to utilize 80% to 85% of fiber from timber stands. Between 1956 and 1970, the number of sawmills in the Interior declined from 2,140 to 620 (F.L.C. Reed & Associates, 1975). By 1975, 179 companies operated 248 sawmills in the Interior, with 18 companies controlling 50% of production capacity (Pearse, 1976).

Increasing concentration of cutting rights became a contentious issue within the region and the province. Since the early 1950s the percentage of the provincial AAC allocated to the top ten companies has become increasingly concentrated, increasing from 37% to 58.7% between 1954 and 1975 (Marchak, 1983). By 1974, in the north central Interior, six companies controlled 50% of the regional cut (Byron, 1976). The
concentration of cutting rights within each Forest Districts was increasing due to the declining number of licensees in PSYUs. Harvesting rights allocated to the ten largest companies in each Forest District exceeded 80%; in the Cariboo and Prince George Forest Districts concentrations were 93.3% and 81.3%, respectively (Pearse, 1976). Similar patterns of concentration were present within the study communities (Table 2).

Table 2:
Concentration of AAC: % harvest by largest firms by 1974

<table>
<thead>
<tr>
<th>Location</th>
<th>1 Firm</th>
<th>2 Firms</th>
<th>4 Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston</td>
<td>64%</td>
<td>76%</td>
<td>85%</td>
</tr>
<tr>
<td>Mackenzie</td>
<td>60%</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Quesnel</td>
<td>40%</td>
<td>68%</td>
<td>94%</td>
</tr>
</tbody>
</table>

Source: Byron, 1976, p. 81

The provincial government also provided incentives to encourage investment in logging and mill technology capable of utilizing small logs. Under the quota system, companies were allotted timber suitable for lumber production under 'intermediate utilization' standards (Pearse, 1976). As mill technology progressed the government encouraged the efficient use of small trees under the 'close utilization standard'9. Mills that invested in technology had their annual harvest rates increased by 1/3 and were charged a low flat stumpage rate on all wood between the intermediate and close utilization standard10 (F.L.C. Reed & Associates, 1975). Due to the size and types of trees available in the Interior, 'close utilization standards' significantly increased merchantable timber in PSYUs (Hak, 2007). These tenure arrangements and technologies helped

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9 Close utilization standards in the Interior required logging all trees down to 7.1 inches in diameter at breast height (4.5 feet from the ground) from a 12-inch stump to a 4-inch top (Stanbury & McLeod, 1973).

10 Reduced stumpage for Close Utilization standards was $0.20 per thousand board feet where regular stumpage rates could be as high as $7.00. As further incentive for industry to invest in small wood technologies, the low stumpage was waived for 12 years (Williston & Keller, 1997).
increase the provincial cut from 22 million cubic metres in 1950 to 70 million cubic metres in 1970 (Vyse, 2001).

Despite increasing companies’ quotas with the adoption of close utilization, there were still large amounts of unallocated AAC referred to as ‘third band’ timber. Bidding for third band timber commenced in 1969 and was restricted to quota holders with barking and chipping equipment that had a demonstrated need for greater volumes of timber. If a licensee applied for third band timber within a PHA, they were required to sell their chips to that pulp mill. Pearse (1976, p. A 21) noted that the creation of third band licenses was important for the growth of the region:

Because Interior “quota” increases amounted to only one-third, and because of the abundance of small diameter and decadent timber in that part of the province, “third band” sales are much more significant in the Interior than on the Coast. In 1975 they accounted for over half the harvest in some Interior regions, while on the Coast, with its larger timber and larger “quota” increases, their contribution was almost negligible.

Consolidation of tenure for sawmills was aided by the creation of the timber sale harvesting licence (TSHL) that allowed licensees to consolidate separate timber sales into a single holding for a period of 10 years11 (Stanbury & McLeod, 1973). TSHLs secured access to a broader range of fiber for companies establishing pulp mills and sawmills within the same PSYU (Bradbury, 1977). TSHLs gave licensees the right to harvest a specific volume of timber within an informal area (known as a chart area) inside a PSYU, rather than cutting rights in a specified area (Pearse, 1992). This made planning more efficient as calculating the volume of timber harvested in a single area was less expensive

11 Although Forest Service annual reports state the Timber Sale Harvesting Licence was officially created in 1967, both Alexandra Forest Industries (later BCFP) and Cattermole Timber (later FFI) were awarded these tenures in 1965 (Baptie, 1975; Bradbury, 1977; Veemes, 1985). Confusion arises because these tenures were sometimes referred to as “Tree Sale Harvesting Licences” in early publications (Marchak, 1983, p. 309; Trade Union Research Bureau, 1974, pp. 14-15) or 21-year timber sales in local news media.
and more accurate than calculating timber estimates on numerous area-based timber sales (Marchak et al., 1999).

Under TSHLs, companies were responsible for road construction, fire protection, and reforestation. There were two important management responsibilities aimed at addressing community and employment stability. First, appurtenance clauses required companies to operate a mill within a specified area, usually a PSYU. Second, companies had to meet various management obligations. While this formally meant assuming a number of responsibilities, emphasis was placed on meeting minimum annual cut requirements (Marchak et al., 1999). Under the Forest Act, if companies did not meet their annual cut levels they could lose quota (M'Gonigle, 1999).

In 1965, the first TSHL was awarded to Alexandra Forest Industries (later BCFP) in the newly created Finlay PSYU\(^\text{12}\). BCFP applied for a TFL but was rejected as this form of tenure was increasingly unpopular and there was competition for timber in PSYU\(^\text{13}\). Cattermole's application for a PHA was rejected because the PSYU had not yet been established and it was incompatible with BCFP's plans for a pulp mill. The timber could not be allocated by a conventional timber sale as both companies needed to secure long-term access to a large timber supply to construct the Mackenzie townsite and integrated mill complexes. In response, Minister Ray Williston created the TSHL as a way to secure fiber for both companies under the Forest Act in a timely fashion. The

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\(^{12}\) The Finlay PSYU was approximately 50,000 square kilometres or 12 million acres.

\(^{13}\) TFLs were unpopular because of the high degrees of control transferred to companies over vast areas. Many local loggers and sawmill operators opposed BCFP's application for a TFL on this basis.
TSHLs granted BCFP and Cattermole Timber an annual cut of 60 and 40 million cubic feet of timber, respectively, for a period of 21 years\(^\text{14}\) (Baptie, 1975).

Consolidation and rationalization\(^\text{15}\) of the sawmilling sector and the emergence of pulp mills transformed the structure of the logging sector. During the bushmill-planer era, logging and sawmill operations were intermeshed. Typically, mill owners logged the timber that supplied their sawmills (Byron, 1976). As sawmills consolidated in the 1960s, many mill owners sold their quota because they could not afford the technology to adopt close utilization standards or produce chips. Many reinvested this capital in logging equipment and became contractors. This resulted in the unique structure of logging in the Interior where almost 100% of logging is conducted by contractors compared to 48% on the Coast (Schwindt & Heaps, 1996; Sunderman & Associates, 1998). Further, due to the flat topography through much of the Interior, there was greater use of machinery allowing operators to lower costs and increase volumes (Wilson, 1998).

Investments in technology allowed mills to increase productivity, utilize timber that had previously been unmerchantable, run all year, increase lumber quality, and withstand market fluctuations (Bernsohn, 1982; Mullins, 1989). To increase lumber recovery factors from small-diameter wood, companies invested in technology such as narrow kerf saws and Chip-n-Saw units. Chip-n-Saws cut logs into two-inch thick lumber of varying widths while turning the remainder of the log into chips (Taylor, 1975). When machines were calibrated and logs were sorted by size, mills increased throughput, reduced waste, increased lumber recovery, and required fewer operators than traditional

\(^{14}\) TSHL were usually granted on ten-year terms. These THSLs were granted on a 21-year term, renewable for another 21 years, to secure capital investment (Baptie, 1975).

\(^{15}\) In forestry, rationalization efforts have primarily focused on creating large, highly efficient mills that require fewer employees (Collins, 1998).
gang and carriage saws (Drushka, 1998). The extensive use of Chip-n-Saws throughout the Interior followed their successful application in Quesnel by West Fraser and Ernst Forest Products.

The adoption of skidders and fallers by the end of the 1960s had fully mechanized logging and increased the amount of capital required to establish a logging operation. High capital costs related to mechanization and automation limited entry of new operators (Drushka, 1998)\textsuperscript{16}. However, the amount of capital required by Interior loggers was still less than on the Coast. These factors, coupled with a history of allocating tenure through small timber sales and owner-operator logging, contributed to the predominance of logging contractors in the region (Patterson, 2008). Until the 1950s, horses were still being used throughout much of the Interior (Hak, 2007). By the mid-1960s, skidders and mechanized fallers were used extensively, allowing operators employing a small number of loggers to cut and move large amounts of timber quickly. The flat terrain and uniform size of trees, relative to the Coast, was conducive to the push towards mechanization (Wilson, 1998).

During Fordism, sustained yield policies helped to create the illusion of community stability within the periphery. For resource towns, this period was characterized by growth, expansion, and prosperity. Booms and busts still occurred but tended not to be as deep and were viewed as being cyclical. Many of the issues associated with resource dependence were not debated or questioned within communities because wages were high. Indeed, wages were amongst the highest in the province and country (Marchak, 1995). Sustained yield forestry was assumed to address long-term community

\textsuperscript{16} The basic equipment required for a logging contractor (tree shears, forwarding machine, skidder, loader, and trucks) was estimated to cost a minimum of $270,000 (Department of Industrial Development, Trade, and Commerce, 1970).
stability as science governed a seemingly perpetual flow of timber. The rapid adoption of
technology was increasing the amount of merchantable timber as mills utilized smaller
trees and wasted less.

Large, technologically complex operations required large, stable, and skilled
labour forces (Mullins, 1989). As such, companies established, developed, and invested
in communities to attract and retain labour. For communities, the entrance of global
capital changed the nature of local economies where external factors took on new
prominence:

Communities such as Quesnel, Kamloops, and Castlegar were nodes in the global
capitalist economy, and links with international capital were clear and direct.
External firms were key in making decisions about production and marketing, and
about the fates of the forest communities. Economic development in the Interior
had catapulted to a new stage (Hak, 2007, p. 40).

While the decline of local entrepreneurs was contentious and resisted,
consolidation and the construction of large, integrated mills were responsible for
stabilizing local employment and economies. The expansion of the industry stabilized
employment and production as the increased size of operations resulted in year round
production, the logging season was extended, and working conditions and wages were
improved and standardized with the growth of unions (Bernsohn, 1982; Cottell, 1974).
For forestry dependent communities, this marked the beginning of Fordist style
production. Fordism radically altered local economies in terms of (1) the size of the
labour force engaged in forestry; (2) the prominence of a few large, predominantly
multinational forestry companies; (3) the regulation and standardization of work through
collective bargaining; and (4) increased employment stability in terms of the number of
months worked. However, this growth and stability was generally found in communities
that had large forestry sectors; for others this period was marked by decline and disappearance.

Houston is illustrative of the impact of mechanization and automation on employment and population levels. In 1969, Bulkley Valley Forest Industries (BVFI), a joint effort by Bathurst of Montréal and Bowater Paper of London, began construction of a large integrated forestry complex that was to include a lumber, plywood, and pulp mill (Drushka, 1998). The $24 million lumber mill was operational by 1970 and initially employed 800 workers. The community faced housing shortages as the population boomed, growing from 699 to 2,232 between 1969 and 1971. However, the mill experienced production problems related to mill design, the lack of skilled labour, inexperienced management, and low commodity prices (Hols, 1999) contributing to $30 million in losses (Bernsohn, 1982). Northwood purchased the mill in 1972 and immediately rationalized production. The company focused on the production of dimension lumber and abandoned plans for the plywood and pulp mills. Production jobs were immediately cut and businesses closed as it became clear the community would not reach the projected population of 6,000. Houston subsequently experienced successive employment losses associated with rounds of capital investment while labour productivity and lumber outputs increased to amongst the highest in the province and the world.

Community planning, development, and administration were also redefined to facilitate production and attract investment (Pressman & Lauder, 1978). Government and the public were keen to address power imbalances, social and economic problems, and poor living conditions within company towns. Further, government was working to
accommodate the changing needs of foreign capital and to promote permanent, stable communities (Bradbury, 1979). This was accomplished by underwriting the construction of new resource towns through the Instant Town Act (Barnes, 2005). Companies were eager to transfer the responsibilities, costs, and problems associated with running communities to local residents while being able to attract and retain skilled labour forces to isolated production facilities (Zimmerman, 1997).

While issues such as planning, home ownership, and creation of municipal councils were addressed, the longstanding issues of dependence, vulnerability, and truncated development remained intact. The assumption was that local government, amenities, and planning could address social and economic issues found in resource towns. For communities there were few options available to pursue a different type of economy. Corporate requirements and demands trumped planning initiatives put forth by the provincial government. For example, townsites were often chosen for optimal mill location to minimize transportation costs of logs to the mill and shipment of pulp, paper and lumber to markets. Porteous (1987, p. 391) explains the contradictions within the Instant Town legislation:

Homeownership, incorporation, a wide range of services, and well-regulated planning are techniques of instant town development, which takes place through contractual collaboration between a company and the provincial government. The overall goal is to encourage population stability by providing a well appointed town with at least an appearance of permanence and evidence of both corporate and government commitment. The time was ripe for this development, for by the 1960s many local companies had sold out to transnationals which no longer wished to continue with the onerous burden of providing and managing resource towns. This burden has now been involuntarily undertaken by the taxpayer and the instant town resident.
Mackenzie was created by, and for, industrial forestry in the 1960s to exploit timber supplies north of Prince George (Baptie, 1975). The costs of creating the community were justified because of the savings associated with transporting finished lumber rather than logs to processing centres like Prince George (Byron, 1976). With regards to government investment in infrastructure, the Mackenzie operations gained access to cheap power from the newly created WAC Bennett Dam (Halseth & Sullivan, 2004). The Williston Reservoir also provided forestry companies with cheap transportation of logs from logging sites to mills. The land for the townsite construction was sold to BCFP by the PGE railway and a railway spur was completed in 1966 (Wedley, 1998). Responsibilities for planning and developing Mackenzie were undertaken by BCFP.

The community has always been part of the global market place and has been vulnerable to market fluctuations and corporate decisions made elsewhere. The two large companies that built and operated within the community throughout this period were BCFP\footnote{At this time BCFP was controlled by the Argus Corporation, the American Mead and Brunswick corporations and Noranda Mines. FFI was a partnership between Cattermole Timber and the Japanese firms Sujimoto Forestry Co. and Jujo Paper Manufacturing Co.} and FFI. By 1977 BCFP and FFI employed 61% of the town’s total labour force, an additional 10% were employed in contracting firms and another small sawmill (Marchak, 1983, p. 310). However, in 1979 BCFP purchased FFI essentially making it the only employer in the community.

One of the key obstacles facing resource dependent communities has been establishment of a local entrepreneurial class. The command-and-control structure adopted by government and companies meant that community problems were addressed by outside expertise. The mills and the service sector were made up of branch-plants
meaning local entrepreneurs were only able to play small roles in the economy. Many local contractors were highly dependent upon the forestry companies and have not challenged the status-quo. This has hindered the development of a local entrepreneurial class that has curbed local development and economic diversification efforts. The 'branch-plant' economy is also important because much of the capital generated locally is fleeting.

3.3. Restructuring and post-Fordism: 1980s to present

Flexible mass production refers to an organizational framework for industrial production based on flexible production. Flexible production relates to the ability of a firm to manufacture a range of diverse, specialized products. The BC forestry sector underwent transition from Fordism to flexibility starting in the mid-1970s (Hayter, 2000a). The shift away from Fordist production was influenced by international economic conditions and changing market demands. The recession in the 1980s forced corporations to deal with rapid inflation, increasing unemployment, reduced profitability, and increased global competition (Barnes et al., 1999; Rees & Hayter, 1996). This period also marked a change in the relationship between government, business, and labour. The election of governments in favour of free market initiatives moved policy away from industry subsidization (Barnes et al., 1999).

These shifts had several impacts on resource-dependent communities. First, flexible production methods drastically reduced the amount of labour required for production. Flexibility has taken on different forms with regards to labour. The use of contract workers, increased use of part-time workers, and temporary workers designed to
have the labour force mirror a firm’s needs is referred to as numerical flexibility (Holmes, 1997). Functional flexibility refers to increasing the array of tasks that can be preformed by an individual worker allowing management to use core workers more effectively. Financial flexibility refers to linking employee pay to mill performance, usually through a series of bonuses, payments, or profit-sharing arrangements. Tasks were mechanized and computerized to increase efficiency and flexibility, having a drastic impact on the amount of labour required for production. For example, from the mid-1970s to the 1980s, the mill in Chemainus reduced its labour force from 650 to 145 people (Barnes et al., 1999). Second, restructuring changed the way companies conducted business within communities (Markey et al., 2005). This change resulted in fewer donations to community organizations, fewer part-time and summer jobs for students, and reduced municipal taxes (Ostry, 1999).

As industrial restructuring exposed the inherent weaknesses within resource-dependent economies, and marked a shift in the relationship between communities and companies, flexibility left communities scrambling for an economic future. The shift also meant that, for the first time, many communities were left in control of their own destiny, a task for which many were ill equipped.

Recessions in the early 1980s and 1990s instigated restructuring of the provincial forestry sector. Increasingly prolonged downturns and volatile market oscillations marked an end to the Fordist long boom and signalled structural change (Munro, 2004). Beginning in the late 1970s, the forestry sector faced a number of global and local pressures. Across BC the rigid institutional arrangements of Fordism became obstacles to capital accumulation that needed to be dismantled or redefined. As established
institutional arrangements unravelled, communities, companies, and the provincial government entered a "new reality" characterized by the challenges to traditional institutions and the rise of new actors (Hak, 2007, p. 3).

A number of global pressures challenged forestry. New technology enabled other regions to compete in markets on which BC's forest companies were highly dependent (Marchak, 1995). There was increasing volatility as demands for commodities shrunk and companies fluctuated between posting profits and losses. Market access was also threatened as increasing American protectionism restricted lumber exports through a series of disputes (Zhang, 2007). These softwood lumber disputes contributed increased operating costs as the provincial government increased stumpage fees to avoid an export tax and recover greater resource rents (Hayter, 2003). The rise of Japanese markets, which helped to offset contraction of American markets, collapsed with the Asian economic crisis in the late 1990s. At the local level, old growth forests were depleted and timber quality and quantity decreased as industry faced 'falldown'\textsuperscript{18} (Pearse, 1992).

New actors disrupted production by challenging established forestry institutions and policy frameworks. Changing public attitudes associated with the rise of environmentalism also challenged resource usage. Concerns over environmental degradation, management practices, and depletion of the resource base lead to a series of localized protests and threats of international boycotts of forest products (Hoberg, 1996; Stanbury, 2000) that threatened "both ends of the timber commodity chain" (McCarthy, 2006, p. 91).

\textsuperscript{18} Falldown refers to the difference between the current AAC and the Long Term Harvesting Level (LTHL). As high-volume old-growth forests are converted to lower-volume second growth stands, cut levels must 'fall down' to coincide with the LTHL because of lower inventory volumes (Pedersen, 1995).
These factors contributed to increasing volatility as industry experienced accentuated booms and busts. Throughout the 1980s and 1990s, the industry oscillated sharply between record losses and profits, as forestry companies faced volatile markets and increased completion. In response, industry underwent numerous rounds of restructuring in search of flexibility. Government reconfigured management practices in an effort to assuage conflict and instability with varying degrees of success. The search for flexibility has put communities and industry in a state of unrest as established methods of production, industrial organization, types of products produced, labour arrangements, and markets have changed (Lawson, 2010). For communities, this change has been painful and contested as the future is marked by “entrenched instability” (Ostry & Davis, 2009, p. 22).

Increased concern over environmental and community sustainability shaped changes to forestry policy (Hoberg, 1996). Members of the public, at the local and global scales, not represented by industry or unions, challenged the close-knit industry-government relationship (Barnes, 2005; Hoberg, 2001). Environmental activists and organizations challenged the assumption that forests were merely waiting to be converted to lumber, pulp, and paper. Many felt that forestry policy was too narrowly focused on maintaining the health of industry, not forest ecosystems (Rayner et al., 2001). The public called for greater consideration of non-timber values and the inclusion of non-forestry groups within policy making.

Protests by environmentalists and First Nations represented dissatisfaction with the established industrial regime that had long dominated forestry in the province. The interests of both groups had been ignored under sustained yield forestry and power
relationships and policy-making structures excluded them from participating in decision-making. Ownership of the resource base was threatened as First Nations instigated a series of land claims (CMHC, 2000; Wallace & Shields, 1997). Additionally, First Nations have been largely excluded from the employment and the economic benefits associated with resource exploitation (Braun, 2002; Hessing & Howlett, 1997; Willems-Braun, 1997). As such, the tenor of debate regarding forestry fundamentally changed. During Fordism, environmental concerns over logging and pollution rarely questioned industry’s right to utilize the forest base. Further, scientific experts began challenging assumptions that technological innovations and management practices were adequate to sustain forest ecosystems (Hak, 2007).

While environmental protests largely focused on clear-cut logging in Coastal old growth forests (Bentley, 2012; Bridge & McManus, 2000; McManus, 2002), there were issues in the Interior that garnered international attention (Drushka, 1998). One example was the clear-cut in the Bowron Lakes area between Quesnel and Prince George. In the mid-1970s, an infestation of spruce bark beetles grew in large areas of dead timber created by windstorms. In an effort to salvage the dead timber, eliminate fire hazards, and to contain the insect outbreak, large-scale salvage operations were conducted (CMHC, 2000). A single 125,000-acre clear-cut gained international attention (Apsey, 2006).

Protests contributed to a growing disconnect, or divergence, between rural resource communities in the periphery and a large contingent of the urbanites located in Vancouver and the Lower Mainland (Hutton, 1997). Restructuring has worked to create post-staples economies characterized by ‘new’ and creative economies producing high value goods and services (Barnes & Hutton, 2009; Hutton, 2002). Many urban residents
did not recognize the linkages between resource extraction in rural communities and the health of urban economies (Baxter & Ramlo, 2002; Bridge & McManus, 2000; Bronson, 1999).

For the provincial government, forestry companies, and forestry communities these challenges were markedly different than the conflicts predominant during Fordism. During Fordism, disputes focused on wages, rents, and how to best distribute access to timber. Similarly, local environmental concerns were usually limited to air quality issues stemming from beehive burners and pulp mills (Bernsohn, 1982). However, restructuring challenged the validity of industrial forestry as an acceptable and desirable activity within public lands (Hayter, 2003). These challenges represented a “crisis of legitimacy” and questioned whether industrial forestry should be permitted at all (Markey et al., 2000, p. 493).

By the end of the 1970s it was apparent that sustained yield forestry was not adequate for sustaining forests or employment. Many of the assumptions of sustained yield, which had been readily accepted with little public debate following the Sloan Commissions, were questioned. To address these concerns, the NDP government appointed the Pearse Royal Commission in 1975. The Forest Act was ratified in 1978 to address the main areas identified by the Commission: improved forest management that addressed environmental concerns and the need for a diversity of forest products, concerns about increasing concentration of tenure and processing capacity amongst a few companies, and the nature of informal regulations (Haley & Luckert, 1995).

In terms of tenure, the Pearse Commission recommended that the existing system be streamlined (Vyse, 2001). By this point the tenure system, especially the informal
quota system in the Interior, was arcane as it had been created ‘on the fly’ to drive regional development. Throughout Fordism, Ray Williston preferred to change regulations rather than legislation as it allowed him to quickly accommodate circumstances as they arose without changing the Forest Act (Drushka, 1998). Therefore, contract arrangements varied significantly between different licensees holding the same type of tenure (Schwindt, 1979). By the late 1970s, the tenure system had evolved to a point where, “[the] quota system [was] understood by few other than the minister who operated it” (Wilson, 1998, p. 90).

The first change involved streamlining. The informal quota system was replaced with Forest Licences (FL) that standardized companies’ management responsibilities. FLs were long-term, 20 years replaceable for an additional 15, and secured large annual cut volumes for licensees. FLs required companies to submit working plans every five years outlining reforestation and silviculture plans (Marchak et al., 1999). However, until 1987 the costs of silviculture were deducted from stumpage payments. Contrary to recommendations by Pearse, FLs strengthened the position of licensees and maintained corporate concentration (Haley & Luckert, 1995). The second change involved the creation of the Small Business Forest Enterprise Program (SBFEP), which allocated timber to small firms. Timber was made available by assigning unallocated cut and by reducing the AAC of existing licence holders by 5% (Schwindt & Heaps, 1996). Small firms secured TSLs through competitive bidding. Finally, for the first time environmental values were recognized in forestry legislation.

In the early 1980s, government sought to reinvigorate the Fordist model by allocating funds for infrastructure and resource megaprojects and creating a ‘business
friendly’ atmosphere (Howlett & Brownsey, 1988; Larsen, 2008). In terms of forestry, Mike Apsey, then Deputy Minister of Forests under the Social Credit government, instructed staff to adopt “sympathetic administration” in order to assist forestry companies through the recession by lowering operating costs (Apsey, 2006, p. 164). Environmental and harvesting regulations were relaxed resulting in highgrading and increased cut levels (May, 1998; Wilson, 1998; Young, 2008). Protests and conflicts were enflamed when the public learned of this approach. Despite annual increases in AAC levels, the contribution of forestry towards the provincial GDP steadily declined (Travers, 1993).

Between 1991-2001 the NDP government instituted important regulatory changes in an attempt to maintain access to international markets, minimize conflict, and promote diversification by instituting comprehensive land-use planning, stringent forest management practices, and increased stumpage (Halseth, 2005; Wilson, 1997). The government sought to address valley-by-valley conflicts by promoting comprehensive, participatory land-use planning. The Commission on Resources and Environment (CORE) was initiated in 1992, creating a hierarchy of land use plans across the province. CORE was later continued by sub-regional Land and Resource Management Plans (LRMP). A Timber Supply Review (TSR) was also instigated to establish baseline information regarding current and future timber supplies, and to set AACs for each TSA (Pedersen, 1995). Second, in 1995 a new Forest Practices Code (FPC) was introduced to strengthen environmental regulation and management practices. Third, increased stumpage was adopted in response to trade disputes with the US and to promote the development of value-added production. Stumpage increases came during high lumber
prices and it was assumed this represented a structural change in the lumber market (Schwindt & Heaps, 1996).

The FPC was an attempt to incorporate the ideals of sustainable development into forestry management and practice (Markey et al., 2005). Harvest regulations and environmental protection were strengthened by limiting the use of clearcuts in sensitive areas, setting maximum clear cut size, introducing protection of non-timber values, instituting protective measures for riparian areas, and accounting for recreational and tourism values in areas adjacent to logging areas (Reed, 2003a). Enforcement was addressed by increasing monitoring efforts and penalties for non-compliance. Regulations were highly prescriptive, backed by fines and penalties that could reach millions of dollars, and legal sanction.

The FPC failed to institute meaningful change or stability because of the need to compromise (Markey et al., 2005). Heightened regulation and increased operating costs came at a time when industry was facing a downturn. To alleviate stress to the industry the FPC was never fully implemented and regulations were streamlined (McCarthy, 2006; Tollefson, 1999). More specifically, new parks were not established on prime forest land, frameworks for delineating ‘special resource development zones’ were developed but not implemented, new standards were delayed in certain areas or poorly defined, regulations were weakened to minimize their impact on the industry, and ministers retained high degrees of discretionary power (M’Gonigle, 1999). The government sought to appease industry and unions by capping logging reductions at 6%, regardless of what was required by new regulations (Boyd, 2003, May, 1998). As a
result, the FPC failed to reduce conflict as environmental groups and industry remained unsatisfied (Lawson, 2010).

Despite changes to policy, tenure reform was not pursued in a meaningful way, although it has long been identified as an important element to structural change (Cashore et al., 2001; M’Gonigle, 1999; McManus, 2002). The tenure system designed for industrial forestry essentially remains intact (Marchak et al., 1999). While tenure names and conditions were changed, the system remains capital intensive and volume oriented (Rayner et al., 2001; Tollefson, 1999). By 1995, 81% of the AAC came from TFLs and FLs. As such, a shift towards a different type of forestry with greater emphasis on value-added and diversification was thwarted (Binkley, 1997). It has been argued that change was not pursued because governments could ill afford, in terms of political or financial capital, to disrupt industrial forestry (Burda et al., 1998; McManus, 2002).

Most recently, the BC Liberal Party (BCLP) instituted a decidedly neoliberal version of flexibility. In 2003, the British Columbia Heartlands Economic Strategy was an effort to further advance market-based flexibility of the forestry sector (Haley & Nelson, 2006). First, the Forestry Revitalization Plan (FRP) freed industry of many requirements and restrictions on production (Markey et al., 2005). Prescriptive regulations were abandoned in favour of ‘results-based’ regulations that evaluated management on achieving desired results rather than adhering to established practices. Second, policies aimed at stabilizing local employment such as minimum annual cut levels and appurtenancy requirements were removed to allow industry to maximize efficiency. Flexibility was increased by allowing companies to temporarily suspend production when necessary, close inefficient mills without public review, and redirect
logs to desired mills for processing. Third, restrictions on tenures were relaxed, allowing companies to trade and divide tenure without review. Fourth, BC Timber Sales was created to institute market-based stumpage where the value of timber auctioned on the log market determines provincial stumpage rates (Young & Matthews, 2007). Finally, limits on company outsourcing were removed leading to a rapid expansion in the number of contractors and subcontractors on cutblocks and the complexity of contractual arrangements (Lawson, 2010).

These policies have focused on maintaining industrial forestry and the primacy of economic values in forest management and policy (Boyd, 2003; Nelson, 2007). Regulation has been privatized, with companies setting and conducting environmental regulations with less oversight from the province (Marchak & Allen, 2003). With regards to communities, Prudham (2008a) characterizes these changes as an un-tethering of capital from community. Interestingly, these policies represent an ideological shift where some communities were viewed as obstacles to successful forestry operations rather than a necessary asset for production (Young, 2006).

Flexibility has taken different forms within individual mills and has varied between the Coast and the Interior (Rees & Hayter, 1996). Flexible production has entailed investment in automation and computerization of machinery, new labour arrangements involving permanent labour shedding and increased employment flexibility, and different relationships with forestry-dependent communities (Barnes & Hayter, 1994; Bronson, 1999; Hayter, 2004). In the Interior it appears that flexibility has retained many of the characteristics of Fordist production.
On the whole, the provincial forestry sector remains oriented towards commodity production. In 1995, approximately 75% of the provincial timber harvest was directed to creating low-value commodities - lumber, pulp, and paper. Less than 10% was converted into shakes and shingles, plywood, panel board, and poles (Burda & Gale, 1998). Within the Interior, there has not been a large-scale move towards flexible specialization. These developments have been concentrated on the Coast (Rees & Hayter, 1996). Within the solid wood sector, companies have worked to reduce costs by rationalizing assembly-line production through computerized automation (Ostry et al., 2000).

The impacts of the recessions in the 1980s and 1990s were regionally differentiated because of different histories and geographies. The recession was particularly disruptive for Coastal communities where older and smaller plants faced high costs of production, a depleted resource base, and intense conflict over resource usage. Coastal firms responded by diversifying their product mix, moving away from low-value commodities, pursuing horizontal integration, and diversifying export markets (Ernst & Young, 1998; Hayter & Barnes, 2001; Sweeney, 2010). Coastal communities faced disruptive mill closures or in situ restructuring that resulted in drastic and permanent job loss.

In the Interior, operations were highly capitalized by the 1970s and were geared towards utilizing the region’s still abundant small trees efficiently. The region developed later and on the margins of the provincial forestry sector. Operators had to be efficient to obtain tenure, utilize small trees, and to make a profit by selling low-value commodities. Mills were also ‘state-of the-art’ at the onset of the recession. In the Interior, flexibility has focused on cost minimization and increased throughput, continued reliance on
economies of scale, vertical integration, and continued specialization in a narrow range of low-value commodities (BCCC, 2006; Bowles et al., 2002; Ernst & Young, 1998; Markey et al., 2009). Indeed, this strategy continues to characterize the region’s business model:

Lumber recovery factors are among the highest in the world. Volume output per person hour, assisted by intensive capital spending, is also among the best available. This is the core of most of the business models in the region—highly automated, large scale, highly productive processing of roundwood into wood products. (BCCC, 2006, p. 59)

With regards to the Interior, flexibility may be interpreted as a “roundabout back towards Fordism” (Hayter, 2004b, p. 403). Interior sawmills became leaner following the 1980s recession (CMHC, 2000; Marchak, 1991; Ostry, 1999). Investments in computerized technology have eliminated unskilled, labour intensive jobs within mills. In logging, the adoption of computerized technology also resulted in decreased employment. The use of GPS systems in timber cruising and pre-harvest planning has eliminated field technicians while improving efficiency (Bowles et al., 2002).

The 1980s marked the end of expansion of the provincial forestry sector and approximately 27,000 jobs were permanently lost between 1979 and 1991 (Wilson, 1998). The Interior experienced smaller reductions in employment across sawmills, plywood mills, and pulp mills relative to the Coast (Grass 1987; Grass & Hayter, 1989). For instance, employment in lumber mills fell by 5.8% compared to 29.8% on the Coast between 1981 and 1985 (Hayter, Grass, & Barnes, 1994). A study by Delcourt and Wilson (1998) found that between 1979 and 1992 the Interior forest sector experienced a 17% reduction in employment compared to 30% on the Coast. Ostry (2000) found that
the impact of the recession on hiring rates\textsuperscript{19} in Interior sawmills were negative, but not as severe as on the Coast. This contributed to inter-regional migration patterns as workers followed jobs into the region, particularly the northern Interior (Halseth, 1999b; Nelson & MacKinnon, 2004).

However, the impacts of the recession also varied across the Interior. Some centres, such as Prince George, experienced employment growth between 1981 and 1985. Demand and commodity prices in the 1990s fluctuated, contributing to periodic employment growth as mills ramped up production (Halseth \textit{et al.}, 2004). Communities in the southern Interior experienced higher unemployment rates than the northern Interior (Nelson & MacKinnon, 2004). Referring to the varied impact of restructuring across the province, Bronson (1999, p. 97) indicated, “while the overall impression of the forest industry is of unionized jobs under threat by restructuring, in the North there has been, until recent years at least, a sense of immunity to these conditions”.

For the Interior, household and community instability was related to “consistent, long-term employment attrition” associated with permanent labour shedding (Prudham, 2008a, p. 186). Between 1980 and 1993 it was estimated that in the Cariboo region 1,200 forestry jobs were lost to increased labour productivity (Savage and Associates, 1993). Community populations expanded and contracted with commodity prices and market demands. However, each downturn eroded local employment as communities experienced ‘jobless recoveries’ (Hanlon \textit{et al.}, 2007). The region began to experience population declines for the first time since World War II (Markey \textit{et al.}, 2008); resource communities were the hardest hit (Travers, 1993). Following the recession, production in

\textsuperscript{19} Hiring rate was defined as (New Hires-Active Terminations)/Number of workers.
the Interior was primarily disrupted by short-term strikes or temporary curtailments, not mill closures. Within Houston, Mackenzie, and Quesnel, job loss were characterized by continuous rather than sharp reductions. For instance, in Quesnel between 1979 and 1987, 400 jobs were lost to labour shedding (Marchak, 1995).

One strategy used by forestry corporations throughout restructuring was the sale of individual operations. While many mills within the Interior remained in production throughout the 1980s and 1990s, instability arose from the entrance and exit of companies from the province, from bankruptcies, and from mergers. These activities were related to: decreasing resource availability and aging mills, contributing to increasing costs; new technology that increased competition from other regions, particularly in the pulp sector; and cash-flow shortages (Collins, 1998; Marchak, 1995; Wagner, 2001).

Mackenzie is illustrative of instability associated with mergers, bankruptcies, and sales beginning in the 1980s. In 1979, BCFP purchased controlling shares in FFI, effectively making Mackenzie a company town. Throughout the 1980s to present the BCFP pulp mill changed hands from Fletcher Challenge to Norske Skog, to Pope and Talbot, to Worthington Properties, to the Province of BC, to Paper Excellence. The sawmills changed hands from Fletcher Challenge to TimberWest to Slocan Forest Products to Canfor. The FFI sawmills and newsprint mill were sold by Fletcher Challenge to The Royal Bank of Canada to Slocan Forest Products and Donohue to Donohue to Abitibi-Consolidated to AbitibiBowater, to Conifex.

Beginning in 2001, a number of communities in the Interior faced mill closures as consolidation and rationalization concentrated production in specific centres. In general,
production was concentrated in centres where companies operated large mills. This trend has been aided by neoliberal policies aimed at increasing autonomy of capital and the need to immediately extract economic value from MPB threatened timber stands (Nelson, 2007; Prudham, 2008b; Young & Matthews, 2007). Between 2001 and 2004, the study communities experienced a brief boom as production levels increased by more than 50% (Young, 2008).

For the Interior, specialization in high volume commodity production meant that efficient mills had to maintain production levels (Woodbridge, Reed & Associates, 1984). Consolidation and rationalization led to the closure of small inefficient mills, usually located in small communities (Nelson et al., 2006; Young, 2008). While restructuring has buffeted communities like Gold River, Port Alice, Sayward, Slocan, Tahsis, and Zeballos (Gale & Gale, 2006), “it has also largely entrenched business-as-usual globalist forestry” in others (Prudham, 2008b, p. 97). Today, despite low prices, many Interior mills continue to produce lumber and pulp for export.

A number of greenfield mills were constructed to produce higher-value commodity products (Hayter, 2000a). Pulp mills were constructed in Quesnel (1971, 1981), Taylor (1986), and Chetwynd (1985) and OSB (oriented strand board) mills were built in Dawson Creek (1985), Fort St. John (2005), and Fort Nelson (1996). It is important to note that while investment in OSB, fiberboard, and pulp mills represented product diversification, it did not represent a movement from the ‘commodity box’ (Ernst & Young, 1998; Prudham, 2007). For instance, Eurocan Pulp and Paper and Weldwood also built a large sawmill in Houston (1978) to produce dimension lumber and supply chips to the pulp mill in Kitimat. In Quesnel, West Fraser sought to gain access to the
Japanese market for pulp by entering a joint venture with Daishowa (1979) to form Quesnel River Pulp. Expanding into pulp also gave West Fraser a market for wood chips from their sawmills and allowed them to utilize pulpwood within their timber holdings. Expansion during this time offered limited assistance to communities, as new production jobs did not offset losses and did little to address vulnerability associated with dependence (Halseth, 1999b).

Over 82% of logs harvested in the Interior are processed in lumber mills, compared to 42% on the Coast (MoF, 2008). In 2004, the Interior produced 84% of the volume and 74% of the value of provincial softwood lumber (BCCC, 2006). Investment has focused on securing existing markets or developing new commodity markets, namely solid wood products for mainland China. Companies invested in, or constructed, mills to produce higher value commodities such as machine stress-rated (MSR) lumber, OSB, or medium-density fiberboard (MDF). However, most sawmills produce spruce-pine-fir (SPF) lumber for North American markets (Wood Markets, 2007; West Fraser, 1999). This varies from strategies on the Coast where companies sought to diversify export markets and products (Bronson, 1999). Coastal mills produced different types of higher value products in an effort to access European and Japanese markets. Companies also adopted flexible manufacturing systems which allowed mills to quickly and easily produce a range of products and control for quality.

Communities in the Interior were not immune to mill closures. Consolidation in the Interior has led to the closure of small mills and contraction of many rural communities (Ostry & Davis, 2009). This was aided by the FRP that removed appurtenancy clauses allowing companies to direct logs to the most efficient mills and
concentrated investment in a limited number of centres. This has contributed to rationalization and consolidation within the Interior to the detriment of many communities housing small and medium sized mills.

Beginning in 1999, there were a number of mergers and acquisitions that contributed to increasing regional consolidation. Canfor acquired Northwood in 1999, doubling pulp production and increasing lumber capacity by 1/3. In 2004, Canfor acquired Slocan Forest Products, West Fraser Timber acquired Weldwood of Canada, and Tolko acquired Riverside Forest Products (after Riverside acquired Lignum) (Bull & Williams, 2006; Sanderson, 2006). These mergers, coupled with mill expansions, contributed to West Fraser and Canfor becoming first and third in softwood sawmill capacity in Canada and the United States, respectively (Spelter et al., 2007, p.2), and dominating production in the northern Interior. Mergers were motivated by the cost advantages and savings associated with increasing company size (Bull & Williams, 2006) and the need to increase capacity, particularly sawmill capacity (Bentley, 2012).

Companies have also sought to address issues associated with market access and declining resource availability by purchasing mills outside of BC (MacDonald, 2011). For instance, in 2007 West Fraser purchased 13 American sawmills from International Paper and in 2006-2007 Canfor purchased a number of mills in North and South Carolina. At the regional level, mergers increased flexibility as companies remained vertically integrated and could maintain production by redirecting timber to their efficient facilities during downturns, close ‘redundant’ mills without disrupting production, and specialize production within individual mills (Roberts et al., 2004; Sweeney, 2010).
Although each of the study communities has been impacted by consolidation, they were most apparent in Quesnel. When West Fraser purchased Weldwood it became the single largest employer within the community. The purchase also gained West Fraser a sawmill, plywood mill, and part ownership in Cariboo Pulp and Paper in Quesnel (West Fraser Timber Co. Ltd., 2004). During my research, West Fraser owned three of five sawmills, two pulp mills, a plywood plant, and an MDF plant in Quesnel. The other major employers in the local forestry sector are Canfor and Tolko, each operating smaller sawmills.

Consolidation within many Interior TSAs has adversely impacted the small business sectors of small communities as it has reduced the number of companies operating within TSAs. Contractors face a situation where there are a decreasing number of contracts and fewer opportunities for recourse when terms of contracts are not satisfactory (Stirling, 2004). This is particularly evident when examining logging companies. Transportation costs geographically limit the market for logs because as shipping costs rise with distance, competition for logs decreases. As the number of mills within the region has decreased, so has competition for logs (Sanderson, 2006).

Recent economic recessions reinforced Interior companies’ focus on the US market for construction lumber, namely 2x4s and 2x6s. Beginning in 1986, American protectionism restricted market access for Canadian commodity producers. Companies were able to offset reductions in American markets with increased exports of pulp, lumber, and wood chips to Japan (Hayter, 2000a; Marchak 1991). Under the 1996 Softwood Lumber Agreement (SLA), Canada received 14.7 billion board feet lumber quota exempt from tax, 59% of which was allocated to BC mills. Within BC, US market
quotas were established for each mill exporting softwood lumber. Interior firms were allocated more quota because Coastal producers exported more lumber to Japan (Hayter, 2000a). The US remains the Interior’s largest market accounting for 89% and 91% of lumber exports by volume in 1995 and 2003, respectively (CFPA, 2010).

Although Interior mills had a smaller share of total shipments by volume than the Coast, the growth of the Japanese market was important in offsetting restrictions to the US market (Hayter & Edgington, 1997). The Japanese market became more important for BC mills after the 1980s recession and the rise of US protectionism highlighted the need to increase market diversification (Reiffenstein et al., 2002). Beginning in 1990, the volume of lumber shipments from the Interior to Japan rose steadily, peaking in 1996 (Edgington, 2004b). However, the Asian financial crisis in 1997-1998 significantly reduced Japanese demand for lumber and initiated further restructuring, particularly on the Coast (Pearse, 2001). This was particularly difficult for Coastal mills that had limited access to the US market because of quotas imposed by the SLA (Zhang, 2007).

Similar strategies are currently being undertaken to expand Chinese market shares in lumber. Industry and government efforts in China have revolved around trying to foster the use of lumber in residential and commercial housing construction (Ebner, 2010). These efforts have focused on addressing reduced demand within the US market, not a fundamental shift away from the ‘commodity box’; in 2009 87% BC’s of wood exports to China were softwood lumber, 10% were logs, with pulp comprising the remainder (BC Stats, 2010). Several mills in northern BC reopened as the volume of lumber shipped to China doubled in 2009 (Canfor, 2010). Six mills in BC are now
dedicating production to the Chinese market, including the Tolko and Canfor sawmills in Quesnel (Bentley, 2012).

During this period, companies in the Interior began to enjoy lower input costs than on the Coast. Increasing distance between mills and logging sites on the Coast pushed logging costs higher than the Interior for the first time (Hayter et al., 1994). The cost of production at Coastal mills is almost twice as high as in the Interior (Edgington, 2004b; Pearse, 2001). Mills in each region faced increased costs as logging moved farther from mills into terrain that was less accessible. However, Interior mills were able to address shortages by utilizing lower value trees that were previously ignored (Griffin, 1999; Marchak, 1995).

Uncertainty was also associated with excessive production capacities of mills within many TSAs. The capacity of many mills exceeded regional timber supplies because they were designed to rapidly convert old growth stands that were now coming back as second growth forests (Marchak, 1991). It is estimated that in the Interior, the capacity of mills exceeds AAC levels by 30% (May, 1998). Despite knowing that falldown had been expected under sustained yield, companies and communities seemed unprepared for the necessary harvest reductions and the associated job losses. Further, long regeneration times, poor reforestation efforts, natural disturbances, overcutting, and highgrading all contributed to declining timber quality and quantity.

However, the evolution of the tenure system in the Interior helped companies and communities temporarily avoid production disruptions related to timber shortages. Most of the tenure in the Interior was allocated in PSYUs managed by the Forest Service. The Forest Service has a mandate to support operations to stabilize employment and revenues.
When regional timber shortages arose, the Forest Service was able to work with small timber sales to direct fiber to mills facing shortages so as to maintain production and employment (Griffin, 1999).

There were also local events that allowed communities to avoid hard decisions regarding the perils of resource dependence. In the mid-1980s, Quesnel faced a pine beetle outbreak resulting in increases to the AAC of approximately 40%. This resulted in a five year boom as companies worked to salvage wood and prevent a large-scale outbreak. As Marchak (1995, p. 97) stated, “the beetle had allowed the town to pretend that it could go on acting as if it were still in the 1970s”. The current mountain pine beetle outbreak, beginning in the mid-1990s, had similar impacts on many forestry dependent communities, including Houston and Quesnel (Nelson, 2007).

The recent MPB outbreak also highlights an unwavering focus on commodity production. However, the hard decisions regarding the future of local mills remain as AAC reductions loom (Patriquin et al., 2007). AAC uplifts to salvage beetle kill wood and prevent the spread of beetles have resulted in investment in massive ‘supermills’ between 2002 and 2005 (Nelson et al., 2009; Ostry & Davis, 2009). These factors resulted in record lumber production in 2005 and 2006 of 17.38 and 17.40 billion bf, respectively; of which 14.5 and 15.1 billion bf were produced by Interior mills (Wood Markets, 2007). These mills are highly automated to extract the maximum value, grade, and volume from beetle killed wood. High speed debarkers, canters, stacker lines, planers, and lumber sorters all contribute to maximizing production volumes and throughput. For example, at Canfor’s Houston sawmill, $26.4 million in upgrades

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While no widely accepted definition exists, a ‘supermill’ generally refers to a high capacity, high efficiency, technology and capital-intensive forest products mill designed to operate at optimum efficiency and reduce costs when running at full capacity.
increased annual capacity from 450 to 600 million metric board feet while reducing production costs by 24%. These efficiency gains were so great Canfor’s total production costs were reduced by $4.51 per thousand board feet (Parfitt, 2005). However, the upgrades resulted in the permanent loss of 35 jobs (Stirling, 2003). Similarly, Canfor and West Fraser invested approximately $100 million each in supermills in Vanderhoof and Quesnel, respectively.

The impacts of restructuring were also mediated by unique labour relations within the Interior. In general, the operating environment within mills was more flexible than on the Coast (BCCC, 2006). This has been attributed to the growth of sawmills from smaller companies running single plant operations. As such, managers were able to work with labour to implement changes effectively. Grass (1987, p. 47) found that management and labour worked to maintain markets during the 1980s by employing the ‘team concept’ and ‘participative management’. This allowed mills to maintain fast levels of service and reduce prices. The atmosphere of cooperation is also explained by production stability (relative to the Coast) within the region. During periods of decline and deep restructuring, cooperation amongst labour and management is difficult to maintain (Woodbridge & Associates, 2009).

Labour arrangements established throughout the Fordist era were characterized by strong unions and collective bargaining. In terms of age, younger production workers with less seniority were disproportionately impacted by layoffs contributing to aging of the workforce (Ostry et al., 2000). In terms of sex, women in the forestry sector and communities were more vulnerable to job losses than men as they have been marginalized within forestry unions and forestry related employment (Egan & Klausen,
Seniority principles meant that women were usually laid off early in the restructuring process as they have only been recently hired in large numbers (McLeod & Hovorka, 2008). For youth, summer employment opportunities have reduced or disappeared, and entry into employment generally requires training and education (Behrisch et al., 2003).

Many new employment opportunities within forestry after restructuring were less desirable in terms of wages and security (Robbins, 2008). However, as production and harvest volumes reached all time highs, communities lost unionized production jobs. Successive rounds of investment in automation increased labour productivity and eliminated jobs (Travers, 1993). For instance, expansion and automation projects at Northwood’s Houston sawmill made it one of the largest and most productive in the world while eliminating over 100 jobs.

Companies in the Interior have also pursued ‘financial flexibility’ where worker pay is tied to the mill’s performance, profit, and productivity (Preston et al., 1997). In 2010, Canfor reached an agreement with the United Steelworkers that will be utilized as a basic pattern agreement for most mills in the Interior. Under the new agreement there are a number of performance incentives for hourly employees along with seniority and severance protection in the case of permanent closures. From a company perspective this type of contract is desirable as it increases flexibility by providing “cost relief during periods of low lumber prices” (Canfor, 2010, p. 11).

Corporate hierarchies have become smaller, more flexible, and flattened (Hayter, 2000a). Research indicates that decision-making in forestry corporations has actually decentralized, shifting various decision-making powers out to the periphery. Paternalism
became too costly (Bradbury & St-Martin, 1983). Marchak (1983) found that local mill manager autonomy regarding day-to-day operations and profitability actually increased during this period. This shift in the command-and-control structure made local managers increasingly responsible for the profitability of local operations. However, decisions regarding finance and purchasing were made within corporate frameworks established by head-offices. Local managers actually have more autonomy than under Fordist vertical corporate command-and-control structures.

Provincial cores were also impacted as companies sought to reduce costs by curtailing middle management and head-office employees (Hutton & Ley, 1987). A vivid example of this trend is the decline of MacMillan-Bloedel head-office staff from approximately 1000 to 80 between 1983 and 1999 (Barnes & Hutton, 2009). Vancouver’s role as the administrative control centre for the forestry sector has weakened, relative to the past, as companies have downsized head-offices and moved them out of the province to places like New Zealand, the US, and Toronto (Bentley, 2012; Hutton, 1997).

While the impacts of restructuring have varied from community to community, common themes include increased instability and vulnerability (Barnes, 2005). The long-held assumption that a sustaining timber supply would equal community stability and that resource communities would eventually reach ‘maturity’ was dashed. While some communities have been weakened by the reorganization or closure of old mills, changing relationships with companies and the provincial government have impacted rural BC. Communities have been ‘hollowed-out’ as government and companies withdrew from previously held responsibilities contributing to the loss of services, jobs, funding, and support structures.
Since the 1980s, the provincial government has lacked a strong, sustained vision for regional development backed by strategic investment (Edgington, 2004a; Hutton, 2002). Regional development programs have been short-term, lacking focus and continuity (Markey et al., 2008). There needs to be a better understanding of rural dynamics and development by government. The loss of health, educational, and social services or key community infrastructures in rural places has different implications than in urban centres. The ability of a community to attract and retain residents and businesses is heavily tied to services and infrastructure.

Various government initiatives following the 1980s recessions have resulted in the retrenchment of rural community services. The withdrawal of the federal government in the early 1980s reduced the availability and level of service provision. Various provincial governments instigated regionalization initiatives beginning in the late 1980s, contributing to the loss or downsizing of services, privatization, and centralization of decision-making functions (Howlett & Brownsey, 1988; Illsley et al., 2010; Reed, 2003a). Further, some services have been ‘off-loaded’ onto local governments increasing demands on local leaders and the municipal tax base (Hanlon & Halseth, 2005). In terms of forestry, cuts to staff and the closure of three regional offices and 29 district offices had impeded the Ministry of Forests ability to effectively undertake management responsibilities and contributed to declining local employment opportunities (Drushka, 1998; Wilson, 1997).

For resource-dependent communities there was a shift in local governance from ‘managerialism’ to ‘entrepreneurialism’ (Barnes et al., 2001). Under managerialism, local governments were responsible for administering and planning local services.
Higher-order planning and administrative services where coordinated in a command-and-control structure. External corporate and government actors provided the vision, funding, and expertise for local and regional development. Under entrepreneurialism, governments have off-loaded responsibilities for directing local development initiatives on to local governments (Markey, 2010). These conditions, coupled with varied geographies of investment, distances to market, and isolation have made the outcomes of local development highly varied, or ‘unruly’ (Hayter, 2000a; Leach & Winson, 1995; Markey et al., 2005).

The shift towards entrepreneurialism was instituted in the early 1980s during the “period of restraint” where the provincial government worked to reduce expenditures by withdrawing from public services, increasing the use of contracting, encouraging privatization, and weakening organized labour (Barnes, 1996; 2005; Reimer, 1994). Government has been less willing, or able, to play a direct role in local development and has offloaded associated responsibilities and costs onto communities (Barnes et al., 2001; Markey et al., 2008; Young & Matthews, 2007). Government has instituted programs aimed at ‘rolling-back’ social and administrative services from communities. In terms of forestry, ministry staff was cut by approximately 1/3 and combining several ranger districts into forest districts (May, 1998). Entrepreneurialism has been furthered by ‘rolling-out’ a series of programs to foster ‘bottom-up’ local development.

Restructuring has also eroded local human capital, hindering communities’ ability to adequately undertake new local development responsibilities. Throughout Fordism, institutional and structural forces created local environments that were not conducive to the development of local leaders or entrepreneurs (Polèse & Shearmur, 2006).
Restructuring also worked to erode local populations and services while increasing volatility. These factors have worked to discourage local investment and hampered local development (Markey et al., 2008). Many communities inherited new responsibilities they were ill equipped to undertake at a time when they were least prepared to accept them.

In response to restructuring, many communities struggled to maintain highly specialized, industrial economies. This is due, in part, to conflicting messages from the provincial government regarding diversification due to continued reliance on the Interior as a ‘resource bank’ (Halseth, 2005). Periodic booms in forestry and mining have also worked to curb local urgency surrounding local economic development. Growth in the oil and gas sector in northern BC and the promise of new mining projects has buoyed optimism in many small towns (Edgington, 2004a; Nelsen et al., 2010). The promise of growth in Chinese lumber markets has encouraged many mill workers and community leaders to ‘sit tight’ and wait out the recession.

Communities were forced to modify established relationships with industry contributing to instability. However, the nature of restructuring between the Interior and the Coast varied due to access to markets, local histories, and local geographies (Hayter & Barnes, 1992, p. 345). More specifically, Hayter et al. (1994, p. 26) find that restructuring varied between communities because of local factors enhancing mill competitiveness: costs of new technology; the costs of retraining the labour force; strategic importance of the mill to the company; transportation costs; and the local resource base.
The search for flexibility and lean production by companies and the withdrawal of the provincial government has resulted in vulnerable, flexible communities. Restructuring has weakened communities by reducing the number of high-paying, secure jobs, decreasing job stability, increasing youth outmigration, contributing to aging in place or 'greying' of communities and increasing the need for services, diminishing tax bases, and increasing service costs (Hanlon & Halseth, 2005; Ostry, 1999; Preston et al., 1997).

3.4. Conclusion

This chapter outlined the evolution of BC's northern Interior forestry sector following World War II to present. The chapter focused on two broad periods referred to as Fordism and post-Fordism. During Fordism there were a number of internal and external factors that led to the establishment of a unique industry within the Interior of the province. Historical development, coupled with a unique resource base and geography, would differentiate the Interior from the Coast in terms of production, markets, harvest, and labour arrangements. Further, the nature of staples development contributed to unique economic structures characterized by dependence, vulnerability, and instability. These factors contributed to different responses to the recession(s) throughout the Interior that had important implications for communities, companies, and the resource base. In the results chapters I outline how these institutions, policies, and corporate and economic restructuring responses are important in shaping community capacities in the face of ongoing change.
Chapter 4: Research Design

This chapter outlines the research design utilized when conducting my case studies. This chapter addresses (1) the research approach and rationale, (2) case study design and methods, (3) primary and secondary data collection, (4) the ethical considerations related to researching human subjects, (5) data analysis, and (6) checks to ensure validity and rigour.

4.1. Research approach

The dissertation is an in-depth analysis of three communities in northern BC (Figure 2). This approach was adopted to gain a deep and thorough understanding of the ‘local’ factors influencing community-company relationships and local responses to global trends (Creswell, 1998; Hammersley & Gomm, 2000; Wilson, 2004). As Barnes (1987, p. 307) notes, “the task of economic geography is to understand how place makes a difference to the economic process”. To gain a deep understanding, I employed the case study approach to examine how social, political, environmental, and economic systems operating at multiple scales, came together ‘on the ground’ to influence past and contemporary community-company relationships in a limited number of communities, hereafter referred to as ‘cases’ (Neuman, 1997; Sayer & Morgan, 1985).
Figure 2:
Study Communities: Houston, Mackenzie, and Quesnel

Source: Author
The case study approach I employed was intensive and qualitative, rather than extensive and quantitative, because I wanted to analyze how different processes operating across different scales worked themselves out in specified settings – i.e. forest industry dependent communities (Eisenhardt, 1999; Markusen, 1994; Robinson, 1998; Schoenberger, 1991). Referring to the appropriateness of the case study approach for intensive, qualitative research, Merriam (1998, p. 19) states, “a case study design is employed to gain an in-depth understanding of the situation and meaning for those involved. The interest is in process rather than outcomes, in context rather than a specific variable, in discovery rather than confirmation”. In other words, this case study approach allowed me to gain a detailed view of how and why different forces, actors, and institutions influenced community-company relationships (Bennett & Shurmer-Smith, 2003; Massey & Meegan, 1985).

The purpose of intensive qualitative research is not to make statistical generalizations to a larger population (Lincoln & Guba, 2000). Rather, it is to contribute to the literature by making analytical generalizations to theory (Bronson, 1999). Therefore, generalizations are made on the basis of thoughtful informed logic. Theoretical contributions from analytical generalizations were made through constant juxtaposition of a variety of data collected throughout the research process (Eisenhardt, 1999). With regards to my findings, “significance is ‘societal’ rather than statistical, and the explanations produced are genetic (having to do with roots or origins), rather than generic (having to do with typification)” (Collins & Quark, 2006, p. 289).

The intensive case study approach is well suited to research on community-company relationships as it allows for a rich understanding of context (Babbie, 2004;
Barnes & Hayter, 1992; Eisenhardt, 1999; Stake, 2000). When considering why one would use the case study approach, Yin (1994, p. 13) explains, "you would use the case study method because you deliberately wanted to cover contextual conditions – believing that they might be highly pertinent to your phenomenon of study". Achieving a 'rich' or 'in-depth' understanding is related to focusing closely on the relationships between context, processes, and outcomes (Flyvbjerg, 2006; Hammersley & Gomm, 2000; Merriam, 1998). Limiting the number of cases allowed me to conduct a detailed examination of each case.

The case study approach was also chosen because it is well suited to focusing on the unique and peculiar rather than the pervasive and general (Bennett & Shurmer-Smith, 2003; Stake, 2000). The unique and peculiar were particularly important to my research because I examined different systems and processes in real world settings (Babbie, 2004; Orum et al., 1991) and the importance of geography (Barnes & Hayter, 1992). Referring to the advantage of conducting research within the local context, with specific reference to case studies of business relationships, Gertler (2004; quoted in Barnes et al., 2007, p. 11) states:

I would argue that, from a methodological standpoint, there is considerable value in taking the time to immerse oneself in the different local contexts that ground business relationships in today’s global economy. There is also real value in following the evolution of relationships and practices over time... [There is no alternative to the] hard work of detailed, finely textured case studies: there is really no substitute for ‘being there’.

The opportunity to get out into the field was also a strong motivating factor for choosing the intensive, qualitative case study approach. While there is real value in gleaning
insight from statistics and archives, I agree with Gertler (2004, p. x) that there is no substitute for immersing yourself in a research topic by ‘being there’.

4.2. Case study selection framework and communities

Selection of the case study sites was conducted in two stages. The first stage finalized criteria for the sampling framework, establishing definitions for each criterion, and determining how each criterion would be measured. A review of the resource town, restructuring, CED, and CSR literatures helped me construct a sampling rationale and select criteria appropriate for identifying communities with historical relationships with forestry companies and a high degree of dependence on those relationships. Further, content analysis of government, union, and industry reports were used to identify important aspects of community-company relationships within BC’s forestry sector. These reports related to the general region as well as specifically within the potential sample sites. The criteria from the broad literature review and the context-specific content analysis were combined to construct the sampling framework for selecting study sites.

The second stage involved using a sampling framework to select the cases. This was completed in two steps. First, the 10 most suitable communities, as determined by the sampling framework criteria, were selected for further analysis. This allowed me to narrow potential cases to a manageable number to determine which would be the most appropriate for my research. I then constructed a detailed profile of each community. Community profiles were based on data gathered from: (1) BC Stats; (2) Statistics Canada; (3) local and regional newspapers; (4) British Columbia Ministry of Forests
reports and data; (5) local government publications; (6) corporate publications; and (7) union publications.

To be eligible for selection, communities had to: (1) be located within the ‘northern Interior’; (2) have a forestry-dependent economy; (3) be small enough to make the importance of the local forestry sector to the community pronounced; (4) be home to large forestry companies over time; and (5) have a degree of mountain pine beetle (MPB) stress. Based on these criteria the communities of Houston, Mackenzie, and Quesnel were selected for my research.

The first criterion for case selection was that communities had to be located within the northern Interior. While there is no formal delineation of the region, for the purposes of my study, I used Markey et al.’s (2006; 2008; 2009) ‘northern BC’ boundaries for case study selection. Therefore, communities had to be located within the area from 100 Mile House to the Yukon border and from the Alberta border to the Pacific Ocean (see Figure 2). I limited case selection to this region because its geography, and communities, are characterized by: an historic dependence on resource extraction and processing and limited local economic diversification, particularly forestry; rural, small town, and remote settlement; and uneven development and power dynamics with respect to the ‘core’ metropolitan regions of Vancouver and Victoria (Markey et al., 2009).

The northern Interior is particularly well suited to research focusing on issues pertaining to resource extraction and processing, as the provincial government has long envisaged and designated it as a ‘resource development’ or ‘productive’ space (Black, 1989; Halseth, 2005; Hutton, 2002). This regional development strategy has ensured the prominence of natural resources in the regional economy. As a result, the region is
comprised of communities that grew or were constructed around natural resources (Bradbury, 1979). This strategy has left the region with a number of thriving and failed communities, with the shared history of having their economic fortunes tied to exporting minimally processed staples products for foreign markets.

The northern Interior was also chosen as a study region because most of the research on forestry-dependent communities in BC focuses on the Coastal region (see Barnes & Hayter 1994; 1992; and Hayter and Barnes, 1997). My research addresses this gap through its focus on the northern Interior. Research on communities of the northern Interior is important because the geography, conditions, and resource base are different than those on the Coast (Black, 1989; Edgington, 2004b; McRoberts, 1988). While there are numerous differences between the two regions, perhaps the most readily apparent is the importance of space. Communities in the northern Interior are often separated from each other by hundreds of kilometres. As such, geography plays an integral role in shaping the types of economic development and diversification opportunities available to these resource communities. With respect to development histories and trajectories and future economic opportunities, place matters.

The second criterion used for case selection was that the communities had to be ‘forestry-dependent’. While definitions of ‘forest-dependence’ and ‘community’ abound in the literature, for the purposes of case selection I utilized statistical interpretations. The Census Subdivision (CSD) was used to represent each community, as it is the statistical unit of data that is often equated with community or community-level impacts21. While there are many definitions, criteria, and mathematical models for determining forest-

21A Census Subdivision (CSD) is a classification used by Statistics Canada for a geographic area that encompasses a municipality or an equivalent area such as an Indian reserve or unorganized territory (Statistics Canada, 2010).
dependence, I was interested in selecting communities with high degrees of forestry employment and high degrees of dependence on those jobs. Forest employment was chosen as the measure of dependence because research utilizing this method was readily available; it allows for comparison across communities; it allows for longitudinal analysis; often aligns with communities' perception of their own dependence (Force et al., 2000; Reed, 2003b); and influences social networks and class hierarchies within communities (Parkins et al., 2003).

I used Horne and Robson (1993) and Horne's (2004; 2009b) economic dependency and impact ratios because these data allow me to analyze changes to income dependency, vulnerability, and diversity throughout the northern Interior over time. Horne's (2009b) analysis indicated that Houston, Mackenzie, and Quesnel22 have 'high' (between 30% and 49%) levels of dependence on forestry and wood processing (Table 3), 'high' (> 45%) levels of forest sector vulnerability, and are among the 'least' diversified local economies in the province (Appendix B).

Table 3:
Percent income dependency on forestry by local area

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston-Smithers</td>
<td>26</td>
<td>36</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>Prince George</td>
<td>30</td>
<td>33</td>
<td>31</td>
<td>28</td>
</tr>
<tr>
<td>Quesnel</td>
<td>39</td>
<td>45</td>
<td>43</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: Horne, 2009b

To gain a clearer picture of forest-dependence at the CSD level, I consulted research by White and Watson (1997) who calculated the primary sector dependency indices of 5,243 CSDs in Canada, based on 1996 census data. A community was

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22 It is important to note that the method used in these reports uses 'local area' as the unit of analysis. "Local area" refers to a combination of several CSDs designed to represent a 'community' and its catchment area (Horne, 2009, p. 3).
considered forestry-dependent if its index value was greater than 50%. These data indicate that Houston, Mackenzie, and Quesnel are amongst the 20 most forestry-dependent CSDs across Canada. Mackenzie had the highest forestry dependency index of any community in BC at 100%, a value shared by two other communities in Canada. Houston and Quesnel followed with index values of 98% and 95%, respectively (p. 13).

The third criterion was that communities had to be small enough to ensure the forestry sector played a prominent role in the local economy. Parkins et al. (2003) found that the size of forestry communities in BC played an important role in shaping the diversity of local economies. As the resource town literature indicates, due to the rural and remote nature of forestry-dependent communities, larger communities are likely to have more government services and be more economically diverse than smaller communities (Halseth, 1999; Tonts, 2011). As such, I assumed that community-company relationships in smaller communities would be more palpable than in those found in larger communities because of the presence of fewer service industries.

To measure community size, I used census population counts. To measure the ‘type’ of settlement, I used both Statistics Canada’s ‘rural and small town’ (RST) classification system and the Organization of Economic Co-operation and Development’s (OECD) ‘predominantly rural region’ classification system using 2006 census data (Statistics Canada, 2007b). I utilized both classification systems to address issues of scale (du Plessis et al., 2001). As du Plessis et al. (2001) explain, the RST definition is useful in understanding communities and community-level issues as it is based on CSD data, while the OECD system is useful when considering regional

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23 RST is defined as, “individuals in towns or municipalities outside the commuting zone of larger urban centres (with 10,000 or more population)” (du Plessis et al., 2001, p. 6).
economic development and labour market issues as it is based on census division (CD) data.

Each of the study communities had a population of less than 10,000 people in 2006. Quesnel had the largest population of the study communities followed by Mackenzie and Houston. Both Houston and Mackenzie had populations of less than 5,000 in 2006. Haynes (2003) asserts that communities with a population of less than 5,000 are likely to be less resilient than large ones (greater than 10,000). All three of the study communities experienced a drop in population between 2001 and 2006 (Table 4). During this period Mackenzie experienced the largest drop (12.8%) followed by Houston (11.6%) and Quesnel (7.1%). The difference in the severity of the recession between the communities is reflected in the population changes between 2006 and 2011. Mackenzie’s population drop (22.7%) was associated with the temporary, but more than year long, closure of the mills. The stability of the local forestry sectors in Houston and Quesnel are reflected by minor decreases and growth, respectively.
Table 4: 
Population change in study communities: 2001-2011

<table>
<thead>
<tr>
<th>Community</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>% Change 2006-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston</td>
<td>3,557</td>
<td>3,163</td>
<td>3,147</td>
<td>-0.5</td>
</tr>
<tr>
<td>Census rural (%)</td>
<td>859 (27.2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Census urban (%)</td>
<td>2,304 (72.8)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mackenzie</td>
<td>5,206</td>
<td>4,539</td>
<td>3,507</td>
<td>-22.7</td>
</tr>
<tr>
<td>Census rural (%)</td>
<td>223 (4.9)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Census urban (%)</td>
<td>4,316 (95.1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quesnel</td>
<td>10,044</td>
<td>9,326</td>
<td>10,004</td>
<td>7.3</td>
</tr>
<tr>
<td>Census rural (%)</td>
<td>0 (0)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Census urban (%)</td>
<td>9,326 (100)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: BC Stats, 2008; Statistics Canada, 2012

In terms of the type of settlement, Statistics Canada data (2007b) indicated that both Houston and Mackenzie fall within the RST classification. Both communities are classified as rural, residing within ‘weak’ metropolitan influence zones (MIZ). This means that less than five percent of Houston’s or Mackenzie’s workforce commutes to work in an urban centre making their local economies weakly integrated with surrounding urban economies. Using the RST classification system, Quesnel is considered to be an ‘urban’ community as it is a Census Agglomeration (CA)\(^{24}\).

When considering the OECD ‘rural region’ classification, using 2006 census data, each community is within a ‘predominantly rural’ region\(^ {25}\) with a ‘degree of rurality’ of 100% (Directorate for Public Governance and Territorial Development, 2009). Ehrensaft & Beeman (1992) created a classification scheme that divides ‘predominantly rural’

\(^{24}\) Census Agglomerations (CAs) are neighbouring urban or rural municipalities surrounding an urban core with a population of at least 10,000 (Statistics Canada, 2010).

\(^{25}\) A region is considered ‘predominantly rural’ if the percentage of the region’s population living within ‘rural’ local units (CSD) is > 50%. A ‘rural’ local unit is one with a population density of < 150 inhabitants per square kilometre (Directorate for Public Governance and Territorial Development, 2009).
regions (CDs) into: 'metro-adjacent', 'non-metro adjacent' and 'northern' rural regions. Houston resides within a 'northern region', Mackenzie resides within a 'metro-adjacent region', and Quesnel resides within a 'non-metro-adjacent region'.

The fourth criterion used for case selection was that there had to be at least one large forestry company operating within the community. To determine local ownership structures within different communities, I used the *Major Primary Timber Processing Facilities in British Columbia* published by the Ministry of Forests and Range (MoFR, 2006a), which outlines the location of companies by forest region and community, estimated annual capacity, and ownership of primary processing mills throughout BC. I also used AAC apportionment commitments to determine the prominence of each company within their Timber Supply Areas (TSA).

The local forestry sectors in Houston, Mackenzie and Quesnel are dominated by a few large mills. Houston’s local forestry sector is dominated by Canfor and West Fraser; Mackenzie’s local forestry sector is dominated by AbitibiBowater and Canfor; and Quesnel’s local forestry sector is West Fraser, Canfor, and Tolko (Tables 5, 6, & 7). Analysis of AAC apportionment for the Morice (Houston), Mackenzie, and Quesnel TSAs also indicated that each of these companies accounted for significant shares of the local timber supply (Ministry of Forests and Range, 2003).

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26 In BC 'northern' predominantly rural regions are above the 54th parallel (Ehrensaft & Beeman, 1992, p. 200).

27 Several ownership changes have taken place in Mackenzie since 2005: the AbitibiBowater’s sawmill was sold to Conifex and its pulp and paper mill was sold to Mackenzie Pulp Mill Development Corp and then to Paper Excellence, and the Pope and Talbot pulp mill was first sold to Worthington Properties then to Forex.
The final criterion for case study selection was the presence of MPB stress within each community’s respective TSA. The MPB epidemic is perhaps the most significant
environmental issue facing the northern Interior’s forestry sector. It has challenged the future viability of many forestry-dependent communities because it threatens the stability of local timber supplies and forestry employment (MoFR, 2006b). This is expected to create threats and opportunities for different communities depending on the severity of the outbreak on local timber supplies.

During my research, the Quesnel (Pedersen, 2004) and Morice (Snetsinger, 2008) TSAs were both experiencing AAC uplifts of 63% and 10%, respectively, to salvage beetle-killed wood. However, timber supply forecasts indicate that AACs are expected to decrease by 12% or more in 16 TSAs and 12 TFLs between 2000 and 2050 (MoFR, 2006b, p. 73). In the Quesnel TSA, the AAC is expected to fall by 32.6% while the Morice TSA is estimated to fall by 8.1%. Conversely, the Mackenzie TSA is expected to experience an increase in AAC of 10.3% due to the predominance of spruce.

4.3. Data collection

Triangulation and reflexivity were employed to address rigour (trustworthiness) and validity (meaningfulness) (Bailey et al., 1999a; 1999b; Bradshaw & Stratford, 2005). Triangulation refers to the use and combination of several different research methods, sources of data, investigators, and theories (Baxter & Eyles, 1999). Multiple data sources and methods are employed strategically to corroborate or ‘cross-check’ (Taylor & Bogdan, 1998) the results and identify ‘converging’ findings associated with each research method for each case (Merriam, 1998; Tellis, 1997). Reflexivity involved the questioning of my role in the research and how it influenced the data, analysis, and findings (Bailey et al., 1999a; 1999b; Bradshaw & Stratford, 2005; Nast, 1994).
Dissimilar research methods and strategies were selected to gather primary and secondary data to minimize the effect of individual methodological biases (Eisnerhardt, 1999; Kirby et al., 2006). By gathering data from different sources and perspectives it helped to identify relationships that were not readily visible and reduce the risk of bias and error within the research findings (Singleton et al., 1993).

Secondary data sources included census data, archival data, local/regional newspapers, company newsletters, local histories, union newsletters, and municipal records. Secondary data was used to establish detailed histories of each community and company by outlining important events (Rajala, 2006; Taylor & Bogdan, 1998). These case histories served as a framework for formulating semi-structured interview guides and focus group questions, validating findings emerging from interview and focus group data, gaining a better understanding of the local institutional environment, and providing a contextual framework for data analysis (Yin, 1994).

Primary data were gathered using focus groups and key informant interviews with community leaders, leaders of community organizations, local businesspeople, local union representatives, forestry sector workers, and mill managers. Focus groups and interviews accessed respondents' local expertise with regards to restructuring and the local forestry sector. I conducted a total of 67 interviews and three focus groups between May and September of 2008 (Table 8). These groups were chosen to gain a comprehensive, multidimensional view of the community-company relationship dynamic (Beckley, 1996; Halseth & Sullivan, 2002; Williams & Bull, 1997).

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28 The term 'informant' (as opposed to participants or respondents) was chosen, as interviewees will be informing the research, rather than merely participating in it.
Table 8:
Key informant interviews by occupational group

<table>
<thead>
<tr>
<th></th>
<th>Houston</th>
<th>Mackenzie</th>
<th>Quesnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community leader</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Leader of a community</td>
<td>4</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>organization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mill manager</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Businessperson</td>
<td>4</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Union representative</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Forestry sector workers</td>
<td>3</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20</td>
<td>24</td>
<td>23</td>
</tr>
</tbody>
</table>

Focus groups were used to explore and highlight general issues facing the community, region, and the forestry sector (Breen, 2006; Fern, 2001; Morgan, 1998). Focus groups are well suited to accessing “tacit, uncodified and experiential knowledge as well as the opinions and meanings of participants” usually not readily available in any other form (Hopkins, 2007, pp. 528-529). Information gathered in the focus groups was used to inform interview questioning and the final analysis.

One focus group was held in each community. The focus groups consisted of three forestry workers in Houston, five forestry workers in Mackenzie, and three community organizations in Quesnel. Focus group participants varied between communities because of availability of participants during data collection. Scheduling a group of forestry workers in Quesnel was not possible as the local sector was experiencing a temporary boom related to the MPB uplift. However, the participants were closely involved with the local forestry sector. Group discussion was recorded in each instance because all participants gave consent. Shorthand notes and flip charts were used to record the key topics of discussion. After each focus group, a summary was sent to each participant for feedback.
Key informants were purposively selected based on their personal experience with economic development planning, local corporate decision-making, local labour movements, community-company collaboration, or community service provision (Bailey et al., 1999a; Eisenhardt, 1999; Gilchrist, 1999). Purposive sampling was guided by my theoretical framework to provide an ‘illustrative’, as opposed to a ‘representative’, sample of key informants with unique insights on community-company relationships (Valentine, 1997, p. 112). As Johnson (1990, p. 27) explains, purposive sampling, “is not opportunistic, but rather guided by the [researcher’s] theoretical or experimentally informed judgements”.

A list of potential key informants for each community was constructed by approaching different community agencies and organizations, local businesses, forestry unions, and forestry companies (Ramsey, 1998; Ryser et al., 2006). Those individuals were contacted and asked if they would be willing to participate in the research. A ‘snowball’ list of potential key informants was compiled by asking interviewees to identify other key-informants. The snowball technique also allowed me to overcome the issue of access by establishing trust. I continued conducting interviews in each community until I was confident saturation had occurred. I was confident that saturation was achieved when reoccurrence of names was frequent.

The interview method was selected because it is an effective means of investigating complex phenomena (Herod, 1993; Schoenberger, 1991). Interviews also facilitated access to individual perceptions and opinions on various aspects of the research topic (Robinson, 1998). Semi-structured interviews were conducted because topics and events central to the research topic were covered while accommodating for
variability between communities (Dunn, 2005; Sabot, 1999). It also allowed each informant to address topics they deemed important (Nolin-Hanlon, 2000; Robinson, 1998).

An interview guide and consent form was sent to each informant prior to the interview. Informants were also given the opportunity to select the location for the interview. When informants gave consent, interviews were recorded. Detailed field notes were taken regarding the place where the interview took place, the general mood of the informant throughout the entire interview, non-verbal cues, my immediate impressions of the key-topics or themes arising from the interview, and topics that needed to be addressed in subsequent interviews.

4.4. Ethical considerations

As this research involves human subjects, there were a number of ethical considerations to be addressed, and these were clearly outlined in plain language on a consent form (Appendix A). These consent forms were read aloud to the participant(s) prior to the interview or focus group. A copy was also given to the participant(s) prior to the interview or focus group so they could refer to it at any time. Consent forms indicated that: (1) participation was voluntary; (2) anonymity and confidentiality would be maintained; and (3) the research had been approved by UNBC Research Ethics Board.

4.5. Data analysis

I analysed a number of secondary data sources including census data, archival data, local/regional newspapers, company newsletters, trade journals, local histories,
union newsletters, and municipal records to construct a picture of community-company relationships in Houston, Mackenzie, and Quesnel. I used these data to construct detailed chronologies of companies and communities, establish questions and prompts for interview and focus group scripts, check and validate findings from analysis of the primary data, and draw conclusions related to my research questions. These data were indexed and analysed with the NVivo 8 software package.

The first round of coding involved analysing the data with an *a priori* coding framework designed to identify different events and actors within the local forestry sector over time. This was done prior to the collection of the primary data. The second round of coding was conducted during analysis of the primary data. Codes and themes within both data sets were juxtaposed to ensure validity and rigour.

Thematic analysis was conducted on the primary data. This was done by listening and re-listening to interview and focus group tapes; typing interview and focus group notes and summaries; reading and re-reading the typed summaries a number of times; constructing matrices of responses; coding the data; collating codes into preliminary themes; comparing themes to coded extracts and to entire datasets; refining themes; relating themes back to the research questions; selecting exemplary quotes; and writing (Basit, 2003; Braun & Clarke, 2006; Lacey & Luff, 2001). While analysis generally followed these steps, it was not linear. For example, writing was not the final stage of analysis, rather, it was a process that began with data collection and continued throughout the research process.

The first round of analysis involved becoming familiar with the data (Patton, 2002). Exemplary quotes were transcribed and summaries were prepared for each
interview and focus group. Editing of exemplary quotes was limited to removing irrelevant pauses and breaks in conversation without altering their meaning (Butler, 2001). Once the summary was drafted, it was sent to the participant to ensure that summaries were accurate and exemplary quotes were representative. It also helped to identify things that needed to be added or clarified in the text (Dunn, 2005).

The second round of analysis involved coding the primary data. Field notes and interview summaries, and focus group summaries were coded to help organize, reduce, explore, and interpret the data (Cope, 2005; Crang, 1997). The coding procedure used in this research was iterative and flexible (Basit, 2003; Kirby et al., 2006). During the first round of coding I utilized ‘open-coding’, going through the entire data set, line by line, identifying anything that appeared interesting and relevant (Hannam, 2003). Codes were merged and refined during successive rounds of analysis.

The third round of analysis involved sorting codes into preliminary themes. Themes helped to explain the experiences, ideas, and feelings of the participants (Aronson, 1994). Initially, 10 themes were identified. I reviewed each of the codes within a theme to determine how they fit together to form the theme. During this phase a number of ‘sub-themes’ emerged within each theme or broke off to form new themes (Braun & Clarke, 2006).

The fourth round of analysis involved defining the themes. As I went through each theme code-by-code I created memos on the relationships between each code within the theme. I also created a number of “spider” (Basit, 2003, p. 147) or “hurricane” diagrams (Kirby et al., 2006, p. 235) to help visualize the relationships within, and the
linkages between, the themes. At this point I had five themes, each with a number of sub-themes.

Table 9:
List of themes by round of analysis

<table>
<thead>
<tr>
<th>Round 3</th>
<th>Round 4</th>
<th>Round 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capital &amp; investment</td>
<td>1. Change to how profit is pursued</td>
<td>1. Different views on nature of relationships</td>
</tr>
<tr>
<td>2. Community</td>
<td>2. Economic climate linked to engagement</td>
<td>2. Changed approach to community, engagement, &amp; responsibilities</td>
</tr>
<tr>
<td>4. Economies (at different scales)</td>
<td>4. Changes to local communication</td>
<td></td>
</tr>
<tr>
<td>5. Environment &amp; resource base</td>
<td>5. Local investment &amp; commitment to place</td>
<td></td>
</tr>
<tr>
<td>6. Geography</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Labour &amp; labour issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Local forestry sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Policies (government &amp; company)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Relationships &amp; change</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The fifth round of analysis involved critiquing the themes. I reviewed themes to ensure they were focused and accurately represented the data. I critically assessed each theme for internal homogeneity and external heterogeneity (Braun & Clarke, 2006). Internal homogeneity refers to the data within a theme fitting together to clearly and meaningfully form a concept. External heterogeneity refers to the presence of clear boundaries between different themes. Following this round of analysis I was left with three themes that were drawn upon at different times to create a narrative in each of the findings chapters (Chapters 5 – 7). These three themes are the different views on nature of relationships; changed approach by companies to the community, levels of engagement, and definition of responsibilities; and the gradual change in relationships after restructuring (Table 9).
4.6. Conclusion

This chapter outlined the design for my research, including the case study selection framework, research instruments, ethical considerations, and the analysis. In summary, the research employed a case study approach to gain an in-depth analysis of community-company relationships in northern BC. The case study approach allowed me to address the particular, and it is conducive to studying phenomena in their local setting. Cases were purposively selected to vary in terms of the selection criteria in an effort to illuminate their role in shaping community-company relationships.

A multiple method approach was adopted to corroborate findings. Secondary data was gathered to construct detailed histories of each community and company. Content analysis of the secondary data helped to form lines of inquiry for key-informant interviews and focus groups. Primary data relating to various aspects of community-company relationships was gathered via focus groups and key informant interviews. Thematic analysis of the primary data was flexible and iterative. Together, primary and secondary data were used to support, corroborate, and strengthen the research findings.
Chapter 5: Findings: The Nature of Relationships

Interviewees and focus group participants were asked a series of questions regarding the past and current nature of the local forestry sector. The questions were semi-structured and open-ended to allow the interviewee to address issues and topics related to their own experience and expertise. By juxtaposing responses regarding past and contemporary relationships I was able to gain an understanding of the nature of change in community-company relationships. Analysis indicated that while these relationships were enacted in different ways across each community, there were a number of common themes. These commonalities and differences will be outlined throughout this chapter.

The first of three research questions was, "What are the types of relationships forestry companies have adopted when engaging forestry dependent communities?" This was explored from the perspective of people living within the study communities. I chose to ask interviewees and focus group participants about community-company ‘relationships’ to assess how communities and companies were connected, how they regarded one another, and how they interacted in a local setting. More specifically, this chapter also explores how the institutions, geography, and history of the forestry sector in BC’s northern Interior have shaped relationships between capital and community in unique ways.
This chapter is divided into three sections. The first and second sections outline community and company perspectives on relationships, respectively. Communities regard relationships as being shaped by the unique position that forestry companies occupy in local economies and how this creates unique expectations. For companies, relationships focus on identifying and fulfilling duties and obligations necessary for producing profit. The third section examines how dependence and vulnerability have worked to shape unique relationships in these forestry towns.

5.1. Communities’ perspectives on relationships

While each community had a unique history and set of characteristics that shaped relationships, the nature of relationships was similar in each community. This was related to the unique positions that companies occupied in the local economies. This section outlines from the communities’ perspective: (1) the different priorities of companies and communities regarding relationships; (2) community efforts to support relationships; and (3) perceptions of companies’ commitment to place.

Across all three communities there was consensus that community-company relationships were primarily focused on employment related issues. While both companies and communities focused on employment, each had different priorities. For companies, relationships centred on providing employment and establishing conditions conducive to producing profit. Communities were primarily concerned with forest industry employment because of its significant contributions to wages, residential and industrial taxation, and service sector within local economies. As such, communities supported the forestry sector in an effort to address employment stability.
Both companies and communities agreed that the primary purpose for forestry operations is to generate employment and profit. However, there was divergence of opinion over what other types of activities, commitments, and responsibilities accompanied running a mill. Communities expected forestry companies to play an important role in addressing community development, improved quality-of-life, financial support for infrastructure and services, and support for community events and organizations. These expectations were established by the behaviour and approaches of companies during Fordism.

Diverging community and company priorities regarding relationships were a source of ongoing tension. Tension was most readily apparent when exploring forestry-sector employment. Communities look to forestry companies to increase local employment opportunities and stability. By contrast, companies often addressed employment looking for ways to improve efficiency of operations to address profitability. Many community members noted that these different objectives are often at odds and that the tensions have been exposed and amplified by economic restructuring and successive economic downturns. A forestry worker from Houston commented on the disparate views of companies and communities and the tensions they create:

They [companies] have different priorities and are not working together with the community on different issues and programs. Mills are looking at how to cut costs while communities are looking for job stability. Corporations do not live here so they do not have the same values as communities. (H11)

A mill worker from Mackenzie outlined how these tensions were linked to the drive for increased efficiency through economic restructuring:

Some towns just keep shrinking. The industry has modernized and got more efficient and towns have lost jobs and people. I mean, at the plank factory they
were making a whole lot more product with two mills instead of three and you are
down to 450 people instead of 900. When I first started at “B mill” we were
doing… 7 loads a day. When they shut down they were doing 31. Every time they
made an improvement 50 guys would be “down the road”… Back then nobody
got fired, it was just attrition so you hardly noticed it, but we sure feel it now.
(M10)

Communities also indicated that different expectations regarding decision-making
and consultation were a source of tension. Forestry companies occupy a unique position
in communities because most of their actions have large implications locally. Even small
decisions regarding local mills have important ramifications for workers, families, and
organizations. Despite this, residents often learned of important decisions after they had
been made. Further, the social and economic consequences of decisions were often not
addressed by companies. For communities, this was a result of important decisions being
made in distant urban centres. Consultation regarding decisions that impacted
communities has always been rare, and usually limited to instances where companies are
required to meet with groups or participate in committees. The leader of a community
organization outlines how the need for increased consultation is a long-standing issue for
residents and community organizations:

There is no community consultation or consideration for the community or
community relations. I’m not saying that there should be on every single decision.
But there should be some sense of corporate responsibility and recognition that
company actions and decisions have community impacts. (H2)

The need for consultation arises from the importance of the forestry sector in local
economies. Companies were expected to play a central role in operating each community
because of prominence. In each community it was important for forestry companies to be
part of the community like other organizations, businesses, and groups. A businessperson
from Houston outlined the importance of having businesses and companies closely involved with community issues because of the unique geography of the northern Interior and the peculiarity of resource-dependent economies:

In this town it is expected that forestry companies be part of the community. They have always been a part of the community and both plants have been here so long. It is part of being in a small community, you support things, you get involved, you become part of the community. That is just the way it is in a small community, it really doesn’t matter who you are … (H9)

Many community members indicated that being ‘part of the community’ encompassed an active interest and involvement in community functioning and addressing pressing issues.

Despite their unique position in the local economy, community members felt that forestry companies did not have strong ties to the community. Companies engaged in local relationships to secure profitability related to the location of resources, infrastructure, and capital investment (Dicken, 2004, Massey, 1984b). As a local businessperson from Mackenzie commented, “In terms of the companies I don’t get the sense that they are ‘rooted’ here. They look at what is best for the bottom-line. I think they could do business better by looking at the big picture” (M3).

A small group of interviewees felt that the ties between West Fraser and Quesnel were unique due to the company’s history. These unique ties were thought to evolve out of the founding and development of the company locally and its close historic links to the town. There was a strong feeling amongst most interviewees that West Fraser had a directive to support Quesnel because company owners and many of the early managers actually lived in, and came from, the community. The leader of a community organization and a businessperson reflect on the importance of history in creating close relationships with the company, respectively:
Some companies have been very detached from the community. West Fraser is different. The family that started West Fraser was from Quesnel. Lots of the people that ran West Fraser, besides upper management, were from Quesnel. Their directive was to support Quesnel [which resulted in] heavy involvement by management. You don’t see so much of that from the other mills. (Q1)

West Fraser is different than other companies. They are more “rooted” here than other companies because they started here. They are more people oriented than other companies. They hold lots of community events. West Fraser is not detached, they see themselves as a major player in town. They have a private airplane that can be used for medical emergencies. (Q5)

This unique relationship was seen as fostering greater commitment and consideration through information sharing and support for local events and initiatives. A mill manager and a community leader also described how close relationships with senior company executives contributed to greater consideration for the community when important decisions were made:

Hank Ketcham\(^\text{29}\) and others from West Fraser have tried to keep people knowledgeable on what is happening in the business and trying to explain why some of the decisions being made are being made. The company is aware of their impact on people and the community of Quesnel. It is not easy because all of our decisions impact people. This has been the West Fraser approach. For a long time West Fraser was, and essentially [remains], a family run company. They have not lost that contact with the guys in the mill... The company is trying to keep that “personal” relationship going. (Q20)

Even though we are dealing with large corporations, it still has a “small town” feel. This is partly related to the fact that the Ketcham’s started their business here. West Fraser holds their AGM here every year. West Fraser started here in Quesnel and they don’t forget that. This is related to the fact that the founders of West Fraser, the Ketchum’s, are from Quesnel. With the local owners, when they were involved in the mills they did every job so they understand the impacts of their decisions on the community. I am not saying that there are not challenges, they are a business and they have to make hard decisions for the business, but our experience has been that there is loyalty [to Quesnel]. (Q14)

\(^{29}\) Hank Ketcham is the President, Chairman, and Chief Executive Officer of West Fraser Timber Co. Ltd.
While it is difficult to evaluate whether West Fraser has a greater degree of 'loyalty' to Quesnel than it does to other places it operates in, there may be something to the feeling that it is in some way a 'Quesnel' company. Many TNCs hold qualitative characteristics that are shared in part with the history and culture of their country of origin. These economic, social, and cultural characteristics can be carried within companies and influence, to some degree, how they operate in other places. These characteristics influence, “modes of corporate governance, corporate financing systems, and their strategic behaviour” but do not result in loyalty to place (Dicken, 2000, p. 281).

A common stereotype associated with locally owned companies is that they are more embedded, similar to the community in terms of culture, and concerned with the well-being of the community than are extra-locally owned companies (Dicken et al., 1995). It is often assumed that local ownership contributes to feelings of obligation and loyalty on the part of companies. However, these assumptions and stereotypes are not supported when examining the history of each community. As Massey (1984, p. 102) notes, “even with geographical ownership of production... regionally based capital is not necessarily ‘loyal’; indeed it would be foolish to be so”.

However, a smaller contingent of community leaders and leaders of organizations directly involved with forestry companies, dismissed the notion that West Fraser had fundamentally different relationships with the community. While it is clear that West Fraser has been an important contributor to community events and infrastructure, their relationships with the community were similar to other companies. Community leaders felt that like other companies in the Interior, West Fraser has been active in expanding
operations throughout the province and the globe. This expansion has made the company less reliant on its Quesnel operations for survival over time:

We just don’t get it yet… West Fraser is rapidly becoming a global corporation. But people here hang on to the idea that West Fraser was founded in Quesnel. It maintains one of its head offices here but the president, CEO, and board of directors are all in an office in Vancouver. I think that people still imagine West Fraser to be a “Quesnel company”.

I think that there is still enough of those families in the business, those guys grew up in Quesnel, that with two competing decisions that are both good for the bottom-line, they might make the one that favours Quesnel. But this sensation that we are attached somehow is strange. With all of the consolidation and globalization that is going on we don’t get it yet. Because West Fraser is the primary driver in this community people see Quesnel as representing West Fraser, I don’t know how true that really is. People forget that it is not 50 years ago…
The people at West Fraser might favour Quesnel, they might not. There is still the sense that communities are attached to forestry companies, the reality may be that we are not. (Q10)

Decisions to re-invest in local operations and relocate corporate offices to the community were better explained by the existing mills and access to resources (most recently large volumes of cheap MPB salvage wood). As a local union representative noted, despite its unique history, West Fraser has not been involved in the community in markedly different ways than other companies, “Companies do not really have roots in the community. They are no different than any other industry trying to make a profit. West Fraser has not approached this community any differently than they have other communities” (Q18). This points to the difficulty in determining whether companies’ history and actions are indicative of “deep or merely cosmetic” social embeddedness (Dicken et al., 1995, p. 41).

The geography of the northern Interior, and settlement size, played important roles in shaping community-company relationships in Houston and Mackenzie. Living in rural, remote, and small town communities had positive implications for communication,
involvement by mill managers and forestry employees, and high levels of support for the
community relative to larger centres. Due to the smaller size of Houston and Mackenzie
local mill managers were more visible than in Quesnel. In Quesnel, managers were as
involved in community activities outside of work, but their involvement was perhaps not
as visible due to the larger population size. Small community size promoted a higher
level of involvement by company employees and local managers. In the experience of
one mill manager in Houston, “the level of company involvement is higher because of the
size of the level of dependence on the companies” (H8). A mill manager in Mackenzie
felt that greater involvement in the community was a common characteristic of life in a
small town:

I have a personal connection with the community as a manager because it is so
small and I live here. People stop and talk to you in the grocery store about things.
Virtually all of the company staff members are involved in something or another.
There is still a strong sense of community. The longer you are here the more a
part of the community you become. You want the community to provide
resources to make it a better place. (M19)

In each community, mills enjoyed high levels of community support, relative to
larger centres, because of their prominence within the local economy. This was perceived
to influence mill managers to play a larger role within the community than they might
have in larger centres. Most pointed to examples of how mill managers are involved in
extracurricular activities such as coaching sports teams, involvement in community
organizations, and volunteer activities. A forestry worker in Houston outlined how:

Mills in Vancouver do not enjoy the same culture of support that mills in the
Interior enjoy. There is a supportive culture in the workforce [here]. This may be
related to the fact that managers are more involved in small communities.
Managers in smaller places tend to be more involved. (H4)
Regardless of the state of the forest industry, there was an atmosphere of support within each community. Although many took issue with changes associated with economic restructuring, they remained supportive of industry because of the employment benefits to the community. Many know that the development of other industries is not likely to create the same number of high paying jobs. As one interviewee from Quesnel stated, “People here know who pays the bills and there is no apathy towards the situations facing the mills” (Q6). A retired mill worker in Quesnel felt, “The wealth within the community exists because of forestry, you just have to look around town at the vehicles, there isn't much rust” (Q12). Similarly, a community leader in Mackenzie stated, “At the grass roots level the support is here even if the corporate approach has changed. For instance, it [support for forestry companies] is better here than in most places” (M21).

In Mackenzie, the community remained supportive of industry even after forestry companies closed local mills. Although there were feelings of animosity towards each company immediately following the mill closures, community support of forestry companies remained strong throughout the crisis. While this may seem counterintuitive given the negative impacts of restructuring and the recession on the community, support was derived from economic dependence on the local forestry sector for the community’s continued survival. A businessperson highlighted the role that dependence plays in shaping relationships within Mackenzie:

[In the past] and today, everyone is very supportive of forestry and forestry companies because everything depends on forestry in Mackenzie. I mean I won’t survive here if those trees are not being harvested and processed, nobody does. That is not happening right now. In reality, nothing happens here without [the forestry companies]. You won’t have a community this size here with people picking huckleberries or whatever... (M11)
Relationships with individual communities were found to be the legacy of almost thirty years of close involvement with communities during Fordism. Local standards for involvement were established within each community and were based on regional norms and local histories and circumstances. Involvement did not vary between companies too greatly as a result. As one interviewee explained, “if one company sets the bar other companies usually reach for that bar” (Q14). While each company had varying levels of involvement and support related to different policies and approaches, the nature of relationships were similar across the region. For instance, there was little difference between how individual companies viewed their roles within, and responsibilities to, communities. For example, the prominence of West Fraser in Quesnel, and the Canfor sawmill in Houston were a result of local history. While this has resulted in heightened expectations, it did not result in the adoption of unique roles or levels of involvement.

Relationships with individual companies were also examined comparing company involvement and behaviour before and after the sale of a mill. In most cases, there were no fundamental differences in relationships between individual companies. This was attributed to two things. First, when mills were bought and sold, for the most part, local managers and employees retained their jobs. Although the mills changed hands during sales, there tended to be continuity of mill employees and managers over time. Put differently, communities largely dealt with the same people before and after the sale of the mill or company:

30 Analysis indicated that woodlands managers remained within the communities for the longest periods of time. They were less likely to change frequently as they had knowledge as to the unique aspects of logging and relationships with contractors and suppliers within each community. Production managers were more likely to change frequently because of the nature of the position. However, analysis did not indicate that they were more likely to be replaced because the mill was sold to another company.
From the community side of things there was not much change [when mills changed hands]. In essence the same people remained in Houston when the company changed hands from Northwood to Canfor. Really, the biggest change was the colour and shape of the logo. (H3)

Second, in most cases when mills changed hands it was rare for companies to implement drastic changes to policies pertaining to the community. Significant changes were usually restricted to practices and processes within the mill related to production. An interviewee in Mackenzie commented on how there was relative continuity of relationships even when mills were changing hands frequently “The corporations have really started to change to the point where it is like a rollercoaster... [However,] the relationships have slowly changed over time. We are slow to see change in everything...” (M20).

The one notable exception was in Houston when Northwood purchased the BVFI sawmill. Northwood drastically cut spending within the community and laid off approximately 90 employees at the mill to address inefficiencies (Hols, 1999). However, this approach was taken because the BVFI sawmill complex was inefficient and unprofitable. One of the main motivations for Northwood buying the mill was to eliminate inefficiencies to make the mill profitable.

5.2. Companies’ perspectives on relationships

For companies, relationships, involvement, and investment centre on maintaining profitability. Companies have always been involved in things such as community planning and service and infrastructure provision to maintain operations. More specifically, relationships are cultivated and maintained insofar as they: (1) address profitability and efficiency of local operations; (2) maintain production; and (3) curtail community resistance. By addressing these issues, companies felt they could provide
stable employment, which would serve both the company and community. Activities and commitments beyond running the operations were largely entered into when necessary. When involvement was no longer required it became discretionary in nature and contingent upon economics.

Companies indicated that they were motivated to accept roles they held within communities out of necessity. During Fordism involvement ensured that companies could attract and retain a stable workforce. Company managers and employees also became involved in things like municipal politics because they comprised most of the community. Put differently, finding people not directly involved in forestry would have been a challenge. As time passed, companies reduced involvement in community functions because the physical infrastructure was built and municipal governments were established. Companies felt that because stable workforces were established and populations grew, direct involvement was no longer required. This highlights the utilitarian approach that companies have towards communities (Young, 2008). As such, much of the evidence indicates that companies have always viewed involvement within communities as being primarily linked to maintaining production. A community member reflects upon how this outlook has not really changed as much as some community members indicate:

Companies are not as involved as they were before because they really don’t have to be. There is no need to cajole workers to come to Mackenzie because all of the amenities are here. There are houses now and there are different facilities. For today’s companies there is not really much need or pressure to build infrastructure because lots of that stuff is already here. (M11)

Mill managers felt that companies best serve the community by addressing profitability and efficiency of local operations because it results in stable employment.
From the companies’ perspective, community-company relationships, “are more about providing employment” (H13) than anything else. Several mill managers argued the most rational course of action, in terms of serving the community, was to focus on what was best for the company. However, few acknowledged how this approach had different implications for communities as the forestry sector underwent restructuring. As one manager commented, “We recognize the biggest thing we can do for the community as a company is provide safe, stable employment. The community and employees need to know that we will be around tomorrow” (Q4). The visibility and implications of this strategy has been magnified by the recent recession:

> During the downturns companies have to focus on providing jobs. The culture is about providing jobs and keeping the company moving ahead. There is less focus on doing anything else. It is pretty sad when you drive by the other mills like Abitibi and there isn’t a soul working. Our [the company’s] main goal today is to stay in the game. To survive you have to focus on keeping jobs and retaining skilled labour. (M19)

At the time of the interviews, companies in Houston and Quesnel worked to cut operating costs by curtailing shifts and production levels. In Mackenzie, four mills were closed. These strategies focused on helping companies weather the downturn and remain in business. By doing so, companies ensured some mills would re-open once markets recovered.

This recession highlighted how economics have always been central to relationships and the important changes to the forestry sector that have been occurring since the 1980s recessions. When faced with adverse economic conditions, companies moved quickly to reduce costs and conserve capital. The nature of relationships in Mackenzie were vividly laid bare when companies quickly and abruptly closed the mills.
One interviewee expressed the shock that the closures created in these words, “some were upset with the Abitibi closure because they did not meet with the community… there was no opportunity to talk together. The decision was made outside of the community and that was it” (M18). The shock stemming from the closures was partly because no one in the community imagined that all of the mills would close together:

Community identity is very attached and linked to forestry and the forestry companies. In reality, nothing happens here without them. It is a total shock to us today that Abitibi just shuts their doors and Pope and Talbot goes broke. It just showed us that nothing is for certain. It was a total shock to the community. (M11)

They [the company] closed everything down on the Abitibi site. We don’t have any direct contact with Abitibi. If you’re from Abitibi you might get a phone message to call somebody in Montréal but other than that there has been nothing. (M2)

Companies placed a high priority on profitability and efficiency in all of their dealings with communities. Companies tended to remain involved in the delivery and planning of services that they used. For example, companies often supported fire departments and emergency response units because the mills require them. Contributing money directly, or in kind, ensured that required services were available and that the quality was acceptable. Involvement in planning for services also ensured that costs were kept at an acceptable level. A mill manager from Quesnel explains why employees are encouraged and reimbursed to take part in training for emergency services:

We [companies] participate in training and pay wages of employees [undertaking training] because we need the services. Therefore, we have to support them. If we are involved in providing services we can ensure that we have access to the service and that the cost is minimized. (Q23)
Mill managers also became involved in different community activities in an effort to create a cooperative local working environment. Managers were closely involved or keenly aware of community issues regarding air quality, land use planning, and resource management. Involvement was motivated by a need to influence decisions or policy that had a "direct impact [on the] bottom-line" (Q21) or had implications for how mills operated. This was usually done to curb resistance to company decisions and different aspects of local operations. By pre-emptively addressing contentious issues that could result in local resistance, less time was spent explaining their position or addressing protests later on:

[Company] management believed that the resource was public and needed to give back to the community by providing employment and by being part of the community. This made it easier to operate because there was less resistance within the community. [Company management] saw the relationship as a partnership with the community. (H17)

In Quesnel companies were closely involved in planning initiatives related to air quality in an effort to minimize resistance and confrontation:

Right now we have a big issue with air quality in Quesnel. Next to Prince George we have the second worst air quality on particulate matter in BC. This is a really good thing, we have been working since '97 and the mills came working with us... Canfor, West Fraser, and Tolko and different community groups all became involved. We have been working together and industry has been voluntarily implementing the suggestions of the committee even though they are not obligated to do so... This type of thing has not happened in other communities where you can't get industry and environmentalists to sit at the same table. I think that it just worked here because of the cooperative mood that exists. I think that they [companies] cooperated because they wanted to avoid confrontation that arose during the Cariboo Chilcotin Land Use Plan. (Q11)

Similarly, involvement in community decision-making or planning was generally limited to issues that affected mills. One community leader noted that the motivations for
most involvement are quite clear, “Companies are usually involved in planning that directly affects the bottom-line” (Q21). For companies this approach is logical, “Companies are engaged with the community only to the extent to which they can see a benefit. They will be involved if it makes good business sense to do so.” (Q18). For example, companies were closely involved in planning community infrastructure that impacted operations. Much like their involvement with services, being involved in the planning of infrastructure promoted their position and ensured that their needs were addressed. A mill manager in Houston explains:

We have not been involved in things like community planning but we get involved around infrastructure. For instance, we got involved with planning involving roads and the highway. We [the company] got involved because we are a major user. The town has been good at bringing us out into those conversations with the ministry. (H8)

However, these commitments were flexible. Increasingly, anything unrelated to mill operations was often treated as being outside of the company’s “sphere of influence” (Q15) or “area of expertise” (Q12) and left to the community. When asked if companies took interest in, or were involved in community decision-making or planning, most managers indicated that companies were not. There was consensus amongst managers that, “decision-making [regarding community issues] is outside of our [company] purview” (Q4).

Reduced company involvement and flexible commitments within communities were tied to several factors (Barnes et al., 2001). First, national and provincial governments and forestry companies have moved away from a local governance model based on ‘managerialism’ towards ‘entrepreneurialism’. Under the entrepreneurial model communities are no longer merely responsible for providing services by receiving capital
and information from external sources. Communities are also to be responsible for their own futures by creating and attracting economic opportunities. This shift reduced financial and bureaucratic burdens on government and companies. Second, as a result of increased competition, decreasing profitability, changing markets, changing product demand, and reductions in middle management, forestry companies are no longer willing or able to engage in a more active paternalistic approach.

5.3. Resource dependence and relationships

Community-company relationships are shaped a great deal by high levels of community dependence and lack of economic diversification. Several longstanding issues impacted relationships including: (1) the nature of local development and diversification planning; (2) the availability and quality of leadership, human capital, and expertise; and (3) the adverse implications stemming from the perception of forestry-dependent communities on future development opportunities.

In each community, planning for economic diversification and development was not a priority prior to the current economic downturn and the mountain pine beetle (MPB) epidemic. Prior to these events it was particularly difficult to bring the issue of economic diversification to the fore of community debate. As a result, in each community economic development efforts and planning have been primarily reactive in nature. However, the current downturn, and the subsequent closure or curtailment of the local mills, highlighted the pressing need for economic diversification. A businessperson from Mackenzie and a community leader in Quesnel illustrate how crises and restructuring have exposed the weaknesses of forest town economies:
People never used to think about [economic] diversification in Mackenzie. We need to realize as a community that we must change and that things will be different. We need to have something else besides forestry to sustain the community. The town is starting to see projects like Mackenzie green energy moving forward. (M3)

Over time there has been fewer companies within the community, now instead of six or seven companies we are down to three or four. That affects the community…. It puts us at a greater risk from a diversification perspective. If West Fraser is in trouble then the whole town is in trouble. I don’t think that the real changes will come until we lose mills. Those changes are already happening in other places like Mackenzie and Prince George. (Q10)

These excerpts underscore the long-standing difficulty of getting resource-dependent communities to address diversification proactively, rather than reactively (Clapp, 1998; Freudenburg, 1992; Halseth & Sullivan, 2004). A small number of interviewees were frustrated that communities did not pursue diversification during favourable economic times. Historic stability and prosperity thwarted efforts to direct resources toward local economic development initiatives not related to industrial forestry. Many were complacent about planning for diversification and did not see it as a pressing issue in their communities because, “People do not acknowledge the uncertainty and vulnerability regarding the future as long as their pay cheques keep coming” (M23). A community leader in Houston commented that complacency towards economic diversification has been a longstanding issue:

One of the big issues we face is similar to issues faced by all resource-dependent communities, “How do you get people to seriously look at diversification?” We have a history of dependence and this makes us reactive not proactive when pursuing diversification. It is hard to get any type of long-term commitment for diversification planning. (H19)

Forestry communities did not actively pursue economic diversification because council was unable to maintain interest in, and long-term commitment to, various
projects. This is related to the unique structure of forestry-dependent economies where “community visions of possible futures are clouded by historical dependencies” (Teitelbaum et al., 2003, p. 173). It was often stated that diversification was not a priority because most planning efforts centred on forestry. Individuals who were in favour of developing diversification plans and projects felt their efforts were stymied because the majority of the community and municipal council were committed to maintaining forestry as the major component of the economic base. A Mackenzie businessperson reflected on the power forestry had in shaping dialogue on the local economy, “Forestry was the only thing that people ever thought of in terms of economics and politics” (M17). An interviewee from Houston described the barriers facing diversification efforts in most forestry towns in this way:

This [not pursuing diversification] comes with being so dependent on forestry, most people feel that you do not bite the hand that feeds you. In general, this has meant that people in the community do not question practices. The council and mayor’s vision of the town’s future was not different than Canfor and Houston Forest Products’ vision for the future. It is hard for me to say whether companies wrote the vision for the community’s future or whether the community just adopted it. It was just one and the same. When [the community] did any strategic planning, forestry was all that they wanted to think about. (H2)

Companies also played a role in moulding agendas by directly intervening in local politics periodically. Companies wielded disproportionate levels of power within each community. The prominence of forestry in local economic development plans was in part related to the power and influence forestry companies have with local governments. Historically, this allowed companies to shape or guide the agenda of council to address pressing issues. Because companies were able to influence council to remain focused on forestry it undermined economic diversification and community development efforts. In
Houston, the leader of a community organization recounted the critical role company influence played in shaping the municipal agenda over time:

All of our eggs are in one basket here. The relationship between the forestry companies and council was as thick as can be. The companies [have always] called the shots and everyone in town jumped. Some councillors were employees of the big companies. The current mayor’s husband was a manager at Canfor. Everyone jumped to the tune of the companies, which is a bad thing from my point of view.

The attitude of the companies and management was very patronizing. If you wanted to talk to companies about the impacts of changes on the community they would just say “no way”. The attitude towards mayor and council was that you work for us and you do what we want you to. The attitude towards the mayor and council is also very patronizing. They feel as though they know what is best and that everything will be fine because we have one of the biggest mills in the world. (H2)

Interviewees in Quesnel explained how companies used their influence over municipal and provincial politics to protect their economic interests:

When I was on the board of the Chamber of Commerce I felt that we needed better land use planning. I felt that there needed to be better land use planning surrounding [example omitted] to recognize values [other than forestry]. As a result I convinced the chamber to put forward a motion to write a letter to the Ministry of Forests reflecting this. By the next meeting the local forestry management was out in full force and the motion was rescinded. (Q21)

Companies were involved in things like land use planning and things like the CORE31 process. The CORE process sat everybody down to come up with a land use plan. It was a good idea but it ended up really dividing the community, this one more than others. You would hear stories that because industry was paid to sit at the table they would just stall things and prevent decisions from being made until they could finish their plots out in the region we were talking about. Everyone else had volunteered so we were just kind of waiting so it got frustrating and it divided the community. (Q1)

Economic diversification (or lack thereof) became a pressing issue during this research. Communities were forced to adopt a reactionary approach to economic

31 "CORE" refers to the Commission on Resources and Environment, created by the NDP government in 1992 to restructure provincial land use planning (Mason, 1999, p.100).
diversification because of current and impending changes to local forestry sectors. In Houston and Quesnel recognition of the importance of diversification was growing because of threats to the resource base, “Our thinking has changed over time due to constant pressure. Now we are actively exploring diversification. This has been prompted by the mountain pine beetle crisis” (H2). However, because the mills were still operating diversification was still not a prominent community issue. A local leader from Quesnel reflected on the newfound prominence of economic diversification within municipal politics:

The number one issue facing the forestry sector in Quesnel is what will be the full impact of the MPB outbreak. What will happen to the city? This crisis has driven us to think about what the future holds for the city and what we are going to do about it. It has driven council to address things like economic diversification. That is the key issue facing us over the next five years. (Q8)

The reactive stance towards economic diversification was established in the past when community leaders, leaders of community organizations, and forestry workers relied heavily on companies to address pressing issues and undertake planning and decision-making roles. Today, many believe that companies can, and should, continue to address issues that arise by providing adequate funding, expertise, and support. The legacy of company involvement has made it difficult to get community members to think about, and discuss, community development:

In terms of community planning they [forestry companies] were not very involved. Actually, there was very little community planning to get done, it was more of a swashbuckling era. Companies would just throw money at the problems that did arise. There was not much earnest community debate going on here. (Q19)
This has created a significant obstacle for communities because in the past companies used to address most shortcomings and issues with funding. However, with economic restructuring, these funding pools have largely dried up.

Many community leaders called for increased collaboration regarding economic diversification as it is in the interests of both companies and communities. Diversification would reduce the amount of reliance on companies for donations, demands on managers, and industrial taxation. However, given the size of leadership pools and the complexity of these issues, achieving these goals would only be possible with greater support and involvement from local managers. A community leader from Quesnel reflected on frustration surrounding reduced company involvement and focus on community planning:

There has been little diversification, which is the flipside of specialization. I wish that forestry company management would be proactive in terms of relating to the community on the issue of diversification. The approach of everybody that I have talked to is that “our best contribution is survival”. They do not see their job as being community development… We [the community] have not seen the types of leadership from the companies that I would have hoped for in terms of economic development planning with council. (Q21)

Despite the potential benefits to companies, managers were not likely to take prominent leadership roles in economic development planning. This has created a dilemma because managers continue to be a valuable local source of expertise and knowledge. However, this expertise has not been utilized to address economic development to any great extent. This is part of an overall trend of withdrawal from previously held roles (see Chapter 6). Companies assumed that over time local leaders would eventually emerge to fill gaps. However, due to the structural characteristics of resource town economies this has not always happened. To account for this, some felt
that councils needed to change their approach to planning given the state of the forestry sector and relationships. Diversification efforts would be better served if councils pursued favourable economic development opportunities and planning scenarios while engaging companies strategically on an issue-by-issue basis. By doing so, councils may be able to increase their chances of securing critical support for important projects:

Some people are saying that the issue [with the forestry sector and community-company relationships] is related to non-local ownership. I don’t think that the companies are out to get us. Companies are there to make money and as such their priorities are not community development. You just need to know that and move forward. (M22)

Lack of diversification initiatives were related to the high degree of specialization within the local economies. The historic strength of the forestry sector contributed to the development of service industries that support forestry. While these businesses have reduced dependence on individual mills for employment, they have not reduced the communities’ overall dependence on forestry. Forestry-dependent communities often develop specialized local economies that utilize the same resource base with service industries that support forestry companies (Teitelbaum et al., 2003). Communities need to diversify in areas that complement one another so that they do not use the same resource base or compete for labour. Diversification into other types of resource development, depending on the commodities, may continue to degrade socio-economic conditions and community well-being (Tonts et al., 2011). The leader of a community organization in Houston outlined how substantial economic opportunities arising from forestry contributed to the growth of a highly vulnerable and specialized local economy:

The best course of action [for local businesses] is to pursue [economic] opportunities available within the scope of [the big forestry companies]… All of
the forest industries are linked and interconnected. This creates an issue when you face a downturn because when one goes down, they all go down. (H2)

In each of the communities, success of the forestry sector also stifled local diversification efforts because it attracted large proportions of available human capital. For many local businesses it was hard to retain employees because once they were trained, upgraded their skills, or gained various certifications they took higher paying jobs at the mills. As such, many other businesses remained underdeveloped which only contributed to dependence and vulnerability. A community leader from Mackenzie reflected on the structural issues inhibiting the development of new businesses, “There is not a lot of diversity within the community’s economic base. It is hard to start new ventures because people get trained and end up moving to the mills” (M24).

Negative public perception of forestry-dependent communities was also detrimental to initiatives aimed at attracting investment to the local economy. For example, in Mackenzie this negative public perception has hurt efforts to build a tourism industry and cultivate other economic opportunities. Municipal council and many businesses struggled to attract and retain investors and labour because the community was often portrayed as ‘dying’. Mackenzie was continually invoked as a dramatic example of this during the recession when it was heralded as dead within the national and international media32. Local leaders worried that they may never be able to overcome this stigma:

There is a negative perception of the forest industry. People see it as a sunset industry. There is a negative perception of the town right now; people view Mackenzie as a “dying town”. With those perceptions how many people will want

32In February, 2008 the Washington Post published an article (Faiola, 2008; A01) outlining how the US housing collapse had crippled the US and Canadian forestry sectors. The article used Mackenzie to illustrate the personal and community impacts of the global recession.
to live here? If that is our image, how do you grow? People with this perception are not going to be willing to invest in the town. (M24)

As a result of dependence and lack of diversification, stability of the study communities’ economies remains susceptible to global competition, market fluctuations, restructuring, and availability of natural resources. This was especially evident in Mackenzie where all of the major mill facilities had shut down in the 2007-2010 period. As a result, the local economy was devastated as the unemployment rate reached 70% (Nelsen et al., 2010).

5.4. Conclusion

This chapter has demonstrated that there is a disparity between how companies and communities view the nature of their relationships. Communities’ view of relationships remains anchored in practices established during Fordism where companies committed to a wide range of activities and obligations beyond providing jobs. Most notably, communities hold fast to the idea that resource usage should be linked to the stability of employment and the functioning of a desirable and attractive community. Conversely, from the firm’s perspective, the nature of community-company relationships continues to centre on addressing the needs of capital; involvement has always been determined by economic considerations. Companies are not involved with communities out of benevolence, but out of necessity. Engagement in community functions, organizations, and events was motivated by the need to run profitable, efficient operations with little community resistance. The tension that results from these disparate conceptualizations and expectations has challenged many of the long-held assumptions
about what communities can and should expect of forestry companies in terms of involvement, governance, employment, and funding. The next chapter further examines how companies have largely withdrawn from local involvement in response to economic restructuring within the forestry sector.

This chapter also focused on the important role the recent recession has played in highlighting to communities how much companies have changed their involvement and obligations. Until recently many communities in the northern Interior had been sheltered from restructuring by virtue of the size and efficiency of their mills. Government and industry refer to the northern Interior as a model for efficiency and success in the face of change. For communities like Houston, Mackenzie, and Quesnel concentration of the forestry sector continued to benefit local economies until very recently. As such, longstanding issues associated with continued resource dependence have not been addressed and the ability of communities to persist under flexibility is only beginning to be critiqued. Analysis also indicated that negative aspects of flexibility were not fully visible prior to the recession. This has left communities to address the implications of resource-dependence and restructuring at a particularly inopportune time. As companies have pulled back and closed mills in response to the recession, communities are faced with limited finances, reduced participation by local management, negative perceptions of the region that have discouraged new investment, greater demand for services, and high amounts of turnover and outmigration. Communities are realizing the need for change at the very moment that they are least able to institute change.
Chapter 6: Findings: How Relationships Have Changed

This chapter addresses the research question “How have community-company relationships changed over time?” This question was explored by asking interviewees to compare and contrast different aspects of company involvement in community functioning over time. Secondary data were used to triangulate findings by verifying events and actions and providing additional details, perspectives, and context. This builds upon Chapter 5 by examining the ways in which companies have changed their involvement and roles within communities. The chapter unpacks how local forestry sectors have changed for communities, and the ways that flexibility has been extended beyond production and extraction activities into various aspects of community life and functioning. Doing this involved exploring how different processes operating at multiple scales and how neoliberal discourses have worked to reshape the northern Interior’s forestry sector.

This chapter is divided into three sections focusing on how companies have pursued flexibility within communities. The first explores how companies have gradually withdrawn from many former obligations and activities. Companies have achieved this by asserting the need for creating and increasing local efficiencies in the face of globalization of the forestry sector. The second outlines changed relationships with municipal governments characterized by the adoption of an increasingly indirect role in local governance. Companies have effectively used this position to lobby municipal
councils to create flexible local business environments suitable to the increasingly volatile nature of the forestry sector. The third explores how companies have changed how they conduct business within communities.

6.1. Gradual retrenchment from community involvement

Community members readily identified different periods in community-company relationships during Fordism and after the recessions of the 1980s. Different terms were used to describe these periods, however, most asserted that companies started pulling back on community involvement after the deep recessions of the early 1980s. This shift was characterized as a move from a paternalistic to a hands-off approach, a holistic business approach to a narrower focus on profitability, family-run companies to global multi-national companies (MNCs), proactive involvement in community to detachment, or a focus on community stewardship to business management. In each of the communities interviewees indicated that, "the change in community-company relationships has been gradual and evolutional" (M21). After these crises, companies: (1) sponsored fewer events and provided fewer donations; (2) paid less attention to the functioning of the community; (3) reduced programs for employees; (4) reduced communication with the community; and (5) increased pressure on municipal council to reduce taxation.

Decreasing or erratic donations and financial support for community initiatives were a reoccurring concern. Support was considered an important component of healthy community-company relationships. In fact, donations and sponsorships were commonly used as a rough measure of overall company engagement. Community members often
conflated 'community support', 'level of commitment', and 'being part of the community' with high levels of donations and sponsorship. A businessperson from Quesnel commented on how forestry companies became the primary providers for many community events and functions:

They [forestry companies] very much saw themselves as being part of the community. They were very community-oriented... Everyone went to the mills for funding. If you needed money for sponsorship you automatically went to the mills because they were big financial supporters. I mean if you were hosting an event or fundraiser the mills would pitch in. (Q17)

For instance, community members were likely to classify a company as 'supportive' if donations were easy to obtain and the level of financial support was sufficient. Moreover, financial support by companies for community infrastructure and scholarships and bursaries were viewed as indicators of strong relationships.

Beginning in the 1980s, levels of company support became less predictable due to economic volatility within the forestry sector. Company involvement, participation, and support for community initiatives were closely associated with profitability. As a result, local relationships became strained or tense during periods of decreased profitability. In the words of one forestry worker in Houston, "strained relationships are usually a result of economic uncertainty. The relationships are like those found in a family really. Strained relationships happen when there is economic hardship. Things are really different in periods of profit" (H4). Many felt that corporate managers were more likely to make decisions that impacted the community using a narrower economic calculus than they were in the past. A community leader from Quesnel explains how financial and in-kind support are envisioned and increasingly linked to economics:
You could say that donations from companies reflect their level of community support at any given time... I think that when times get tough for companies it impacts their level of support for different things and organizations. From the stories you hear around town, when times are good it is easier to get some support from the mills. When times get lean they [companies] are looking at the bottom-line and that money dries up... (Q8)

One of the largest implications of changing relationships for local people was the need to self-fund or secure funding from the local business community. While forestry companies provide the majority of funding for community organizations, events, and infrastructure, support has declined over time. As one interviewee in Mackenzie stated, “companies have seriously tightened the finances. Wherever they could cut things out they did. The cash flow from the company has been dried up” (M23). Companies began limiting donations to specific organizations or events rather than providing monies for every request they received.

The current recession illustrated the need for communities to reduce reliance on corporate donations and support. As one community member indicated, “Downturns also led to less funding which resulted in shrinking services over time. This led to community members having to bear the financial burden associated with corporate withdrawal” (M20). For most of the northern Interior, this most recent recession has been unique because in the past donations and support from companies persisted during periods of labour unrest and downturns. In Mackenzie, the current recession marked a significant break from the past where corporate contributions towards high school scholarships and bursaries were slashed:

I don’t know if any of them [forestry companies] have scholarships available. This town one year had something like $43,000 in local and regional scholarships available to our high school grads. If they get $10,000 this year I will be really surprised. [In the past] Each company would give something. The local groups
and businesses can’t because everything is suffering as a result [of the downturn in forestry]. (M16)

Many community members and organizations were frustrated with the reduction in corporate donations because they are dependent on support for many activities. Reduced funding has been met with resistance and frustration but community members have few options for recourse. In most cases, communities have looked internally to replace funds, which has become increasingly difficult in an atmosphere of job loss and overall employment instability:

People begrudge the companies to a certain extent because it seems like they don’t care as much anymore. They don’t have the same benefits such as parties, picnics, or events. Those types of events show people that they are not just about the bottom-line. (M12)

People in this community have been fortunate and have had so many good times that they always expect it to be good. People are used to the cushy times. Even though they have tightened their belts they do not expect the companies to do it. They still expect the good times now. Most people say “They’ve always done it”. People here are too used to cushy times. They did not expect companies to tighten their belts in terms of spending. For instance, companies used to pay for family skating. They do not anymore. Some people are bitter about that. Some see the companies as making millions of dollars so they are seen as being able to afford to support the community. (H5)

Job loss associated with automation and rationalization of industry has played an important role in changing community-company relationships. Economic restructuring has hastened the steady decline in the number of people employed in the forestry sector. A mill worker from Mackenzie outlined how automation impacted labour: “in terms of working within the mills, workers have been replaced by algorithms across the entire industry” (M21). Prior to restructuring, unions and communities accepted mechanization and automation so long as it led to the creation of other high wage jobs (Hak, 2007).
However, analysis revealed that the reduction in the number of forestry sector jobs have exacerbated a number of long-standing barriers to community development.

Economic restructuring has reduced the number of people directly and indirectly employed in high-paying forestry jobs, which has eroded the municipal tax base (Ostry & Davis, 2009). While production levels have increased from the 1960s to the 1990s the number of people employed in sawmills, pulp and paper mills, and logging have steadily decreased (Marchak et al., 1999). Companies argued that restructuring has reduced the number of people employed in resource extraction and processing but has allowed industry to remain competitive, thereby securing the remaining jobs. A former mill manager in Houston described the benefits arising from restructuring like this:

> The tangible change has been that there has been a drop in the population of the community over time. Higher technology means that workers need to be skilled to work in the sector. People in the community are beginning to come around. …They see that change in the forestry sector was necessary and it allows for the mills to continue operating here. (H17)

Labour shedding within the mills was identified as a key factor in company withdrawal over time. As companies employed fewer workers they reduced their connection to the community. One community leader in Quesnel felt that, “The fewer people you [forestry companies] employ the less community driven you become” (Q11). While companies may employ a smaller percentage of the local labour force than they have in the past, they still represent the primary economic engine of the local economy.

Companies downplayed the magnitude of change, noting that most of the trends occurring since the recession can be observed in other industrial sectors. The changes that happened within the Interior’s forestry sector were seen as necessary to address issues of declining profitability so companies could remain competitive and survive. Mill
managers felt that people’s perceptions of past relationships were biased by time and were currently unrealistic:

[Now] there is a difference between what is expected of companies and what actually is done. You cannot go back to the old days because the whole world has changed. Today people do not like the relationship with large consolidated companies. They talk about the “good old days”. It is more to do with perception than with the actual relationship. They should realize that when companies are given the opportunities to invest in their mills they have an opportunity to survive. (H17)

Some viewed changes to the community-company relationships as inevitable, asserting that communities should realign their expectations accordingly. They indicated that there were challenges and opportunities associated with change and communities needed to rework how they addressed issues. Changes to relationships were viewed as a necessary strategy that helped both companies and communities survive over time.

Companies were forced to change relationships with communities to survive. They had to go to multinationals to survive. They had to cut costs and it allowed [our local mills] to keep going. The issue came down to profitability and survival of operations. That is like anything in the world when you think about it. (M1)

For residents, as forestry companies became bigger through consolidation, there was less focus on things beyond profitability. As a result, mill workers became less attached to their jobs and were wary of their future in the community and the forestry sector. This disconnect was partially responsible for eroding personal attachment to companies and jobs over time (Reed, 2003b). Although detachment between employees and employers was contentious, it has not been strong enough to instigate many career changes as workers have few alternatives to working in the mills and many are tied to the community through the housing market. A mill worker noted how relationships began to change for individual workers beginning in the 1980s, “People feel separated from the
company and are not as loyal as they would have been in the past because companies have adopted a more impersonal relationship with employees” (M12). A joke by a union leader in Mackenzie was particularly revealing of low morale within different mills:

[People] used to identify with a company because your friends, family, and in-laws would all work on different shifts. People used to say that FFI stood for ‘Friends, Family, and In-laws’. That has changed with today’s companies. Today people just approach the company as a means to a paycheque. (M6)

As mentioned in the previous chapter, companies’ views on community involvement have changed from Fordism. For most community members withdrawal has contributed to a palpable disconnect from individual companies. As has become increasingly clear in the Interior companies can, and will, abdicate various roles and responsibilities depending on profitability. While this may be nothing new to companies, for a large contingent of community members it is a significant symbolic shift:

The forestry sector built the town and when they built the town they had a holistic attitude towards their responsibilities toward the town. The relationship between forestry companies and the community was symbiotic. In terms of attitude, forestry companies and the community were tightly linked. Companies viewed the town much like they viewed the mills, as part of their infrastructure. (M21)

The focus of the company is on productivity and business because they are under the gun facing hard economic times. Community issues are no longer on their radar, and it is understandable to a point but it has been a trend all along. This trend has been present all along but has been more visible lately. With Northwood it seemed like a “Houston” company, Canfor made it clear that it is not a Houston company. Canfor acts like a multinational corporation, and it is. (H2)

The real tangible change for communities was that during Fordism companies struck a better balance between addressing local issues and accumulating profits. Many viewed changes in community-company relationships as resulting from companies having to place a higher priority on profitability than in the past. Analysis also indicated
that the roles companies played within communities changed. Over time, companies had
distanced themselves from being active participants within the community. Local
managers and community members agreed that companies increasingly focused on issues
related to the operation of mills.

We have also seen a responsibility shift on the part of forestry companies from the
community to the shareholder. Companies do not view themselves as “stewards of
the community”. [Now] they are responsible to the market and the shareholders.
[Local managers] don’t see themselves as builders and creators but rather as
business managers. They respond to markets and share value rather than to the
greater good. (M21)

Twenty to thirty years ago companies were more involved in partnering with
communities then they are today. Participating in things like donations, events,
assisting the town in capital improvements were much more common thirty years
ago. BVFI essentially built Houston. The subdivisions, houses, and infrastructure
were built by BVFI. They were really tremendous corporate partners with the
town of Houston. They used to have large Christmas parties. Times have always
been tough, but there is not that same commitment to be part of the community
today. Today it is more about providing employment. [In the past BVFI] were a
tremendous partner with the town and held big parties and events. This approach
was a commonly accepted practice for companies during this time. (H13)

For forestry workers, the atmosphere within the workplace became increasingly
impersonal over time. The shift towards a ‘business only’ approach slowly weakened
employee and community morale. Mill workers indicated that there was increasing
pressure on local managers to become “top quartile producers” (M6) which narrowed
their focus on issues related to mill productivity. For mill workers and their families, the
changing priorities of local management had significant implications for job satisfaction
and quality-of-life:

There is more pressure on employees now with the different companies. There is
generally less concern for the individual employee, less importance placed on the
individual. The concern for the employees is not the same as it used to be. (M18)
There used to be more money and the companies used to do a better job of appeasing workers and the community. Companies used to play the "nice guy" role within the community. They hosted Christmas parties at no costs to their employees. Now they charge money for tickets. There used to be incentives provided by companies for housing, this does not exist any longer. There has been a lot of hostility towards this change. Not much has been done proactively to address the changes. (Q18)

Increasing dissatisfaction and detachment amongst mill employees had implications for the entire community. Greater employee detachment negatively impacted community cohesion because it contributed to reduced participation in community events, organizations, and volunteering. A community leader in Mackenzie and a union leader in Quesnel describe how uncertainty in forestry has impacted volunteerism by community members:

Because of this separation they [forestry companies] are not really part of the community. As a result people within the community tend to care less as they are not personally invested in the mill or company. This results in a situation where everyone is disconnected leading to stress and strain within the community. (M16)

Commitment is much harder to do on the part of workers and company. People do not invest themselves in the community or their jobs. Companies do not invest themselves in the community. Mills are just viewed as assets to be bought and sold. This approach has eroded volunteerism because people do not have an optimistic attitude. It is hard to get people involved. (Q18)

Reduced employee attachment also meant that fewer families were inclined to encourage their children to pursue work within the forestry sector. Many forestry workers did not want their children to work in manufacturing or logging because of the inherent uncertainty and instability. The atmosphere of detachment in the workplace and restructuring of the sector contributed to feelings of uncertainty and instability. This
created a dilemma for those who wanted to stay within community, as opportunities for employment outside of forestry are becoming increasingly limited.

Companies had a high status in the community in the past, now they are not as respected as they used to be. People are becoming less trustful of the forestry companies, but not enough to learn another trade. People used to encourage their kids to work in the mill but that has changed now... Kids in town are at loose ends. (Q19)

Company retrenchment changed the roles of managers in the community. Many felt that the autonomy of local managers had declined beginning in the 1980s. Some interviewees associated this shift with company retrenchment. Local managers had less power to appropriate money for local initiatives or account for local idiosyncrasies. A mill employee and a community leader in Mackenzie note that local managers increasingly have to contend with difficult decisions made in distant corporate offices during economic restructuring:

The “generational change” between companies has seen more and more decisions being made farther away rather than locally. It makes it harder for appropriations for the community. They were a lot more involved in the old days. Involvement and support has become less and less over time... Local managers do not have the autonomy to make spending decisions anymore. (M21)

For example, Pope and Talbot have tried to retain some skilled workers but a lot left. Again, locally, mill managers are really, really aware of how hard it is to get people to come to the community. In Oregon, where they are making the decisions for Pope and Talbot they don’t really understand as much. You have two different ways of looking at the situation but the decisions are ultimately made in a place that is perhaps not well integrated or aware of local issues. (M22)

6.2. Companies and municipal government

Over time, companies have decreased their direct involvement in municipal politics and governance. However, companies remain key players in municipal governance by influencing planning, agendas, service provision, and vision for economic
development. Analysis also found that companies continue to directly engage municipal councils over taxation. Indirect involvement has been successfully encouraged by invoking the ideology of globalization to promote the importance of accommodating capital (Mitchell, 1997). Company discourse regarding the apparent 'footloose' nature of capital and increasing irrelevance of space has influenced communities to make themselves attractive places for investment. In essence, communities believe they are actively competing with one another for industry jobs. However, communities had little to bargain with other than creating favourable municipal conditions via regulation, or lack thereof; providing land for development (Harvey, 1989); and reduced taxation levels and expenditures (Bliss et al., 1998; Bowles et al., 2002; Warf, 2008). This occurred against a backdrop of changing corporate citizenship duties and declining economic benefits to communities, which has adversely impacted community well-being (Bliss et al., 1998). The most recent dealings also occurred during a time of unprecedented crisis; take-it or leave-it positions are harder to resist during times of hardship.

Companies maintained close relationships with municipal governments in order to address community issues that affected local operations. Regarding the level of influence held by companies, a community leader in Houston stated, "[Forestry] companies view themselves differently than other businesses. They tend to be less vocal than other businesses in town but when they talk they expect people to shut-up and listen" (H19). Local businesspeople indicated that municipal councils have always adopted an accommodating approach to forestry companies. These interviewees felt that company issues and complaints take priority. Municipal councils were far less likely to challenge
forestry companies over minor issues because they were cornerstones of the local economy. One local businessperson in Houston stated that:

[Municipal council] is very supportive of the big guys [forestry companies and large contractors] but they give lots of hassle to the little guys. Small companies put up with the local politics because we have no choice. Small companies have to fight to get things done especially to get things from the district like [name of service omitted]. (H9)

Over time municipal governments saw themselves as integral components in stabilizing local mills. Municipal councils ensured issues raised by companies were addressed and worked diligently to accommodate the needs of forestry companies. Councils worked closely with industry to attract and retain investment in local mills. A clear example was in Mackenzie during this recession where municipal government worked with Canfor and the provincial government to keep their local sawmill operating at a reduced capacity for as long as possible:

We’ll go back a year. When Canfor, the major company, decided they needed to do some shutdowns, they were looking at shutting this one [the Mackenzie mill] down and 450 people [would be out of work]. So when the province and the community got involved we worked out some ways for them to keep running. We lost about 130 people at that time. [Now] they are down to about 110 now out of the 450, but they are still trying to run. This whole issue with the global forest industry is trying to be the last man standing. So we are pulling in our belts and giving whatever we have, and we will be the last man standing. That is the way they are looking at it. (M16)

Each council worked to stabilize existing jobs and secure future employment opportunities to ensure community survival. In this regard, community members viewed relationships as being reciprocal. A leader of a community organization from Quesnel noted “the city and the companies work together because there are incentives on both
sides to maintain the relationship. The city and companies work well together because it is in the best interests of everyone” (Q2).

An important aspect of creating hospitable conditions for industry involved competing with other places to attract and retain capital by moving away from focusing primarily on the provision of services (Cox & Mair, 1988; Furuseth, 1998; Harvey, 1989; Young 2008). This competition, or entrepreneurialism, is linked to policy shifts that limited state involvement in local development. Under this new framework, local governments are responsible for competing for funding dollars to support local development (Young & Matthews, 2007). However, as the case of Mackenzie illustrated, the outcomes of local and regional development initiatives are varied and ‘unruly’ in that some communities have progressed while others are further marginalized (Furuseth, 1998; Hayter, 2000a; Tonts et al., 2011).

Various organizations and municipal councils worked with industry in different ways to support local relationships. Strategies often centred on adopting flexible policies designed to adjust for, and accommodate, the needs of industry. In Houston, the municipal council formally adopted an ‘industry friendly’ atmosphere in an attempt to attract and retain industry. This strategy was aimed at creating a local setting favourable to industry to stimulate investment and stabilize local employment. A community leader and mill manager outlined how the community worked to support industry by distinguishing itself from other communities in the region, respectively:

We have an open door policy in Houston, we are open for business... we are readily available to look at business opportunities. We have a “pro-business” attitude here. We have had that for a while. This attitude is related to the fact that we see ourselves as being an industrial community. I mean that is what we are, so let’s take advantage of that and try to be proactive and look at any opportunities that come our way, with open doors and open minds. We as council have a good
relationship with the two companies [Canfor and Houston Forest Products] because we try to work with them. Our policies are there as guidelines, they are not there to handicap or put up barriers to business. (H16).

The community is helping companies by creating a climate that is conducive to attracting and running a business. The “Burns Lake culture” is opposed to big corporate conglomerates in favour of small operators. They actually are going head to head with business. In Houston people are supporting industry and are looking to support industry instead of having them go it on their own. We are trying to create a climate to attract investment and expertise…. There are people in this town that think that way [referring to the “Burns Lake culture”]. They have their heads in the sand and do not realize that the world has changed. (H17)

In Quesnel, municipal council worked with companies to secure the construction of a new $105 million sawmill by giving a $600,000 tax exemption to West Fraser (West Fraser Timber Co. Ltd., 2005) “per year for 10 years on the municipal portion of its [the mill’s] property taxes” (City of Quesnel, 2009, p.28). This was a strategic effort by the city to secure reinvestment in a local mill to promote diversity and stability within the local sector. A community leader, a forest sector worker, and a union representative elaborated on Quesnel’s efforts to support the local forestry sector, respectively:

I don’t know if you know that the city gives revitalization exemptions, which is a property tax exemption that we gave specifically to West Fraser. The value of eliminated property taxes is a total of six million dollars over ten years. So we did that intentionally to try to assist them to get their new plant running and to bring some diversity into the area. The diversity being, the relocation of their head office jobs and the sales jobs to the area. (Q8)

There has also been an increased awareness over the need to be responsible of the part of the city to encourage reinvestment. This has resulted in tax exemptions for the recent West Fraser mill. Both community and industry are talking and being responsive to the state of the [forestry sector]. (Q22)

Council and forestry companies work well together here. The council worked with West Fraser and provided incentives for them to invest in the “supermill”. Council runs down the middle to make things work. They are very accommodating to industry in other words. (Q18)
Companies and communities worked well together on issues pertaining to operations unless either was under financial strain. When either was faced with economic hardship, the tenor of relationships shifted from cooperative to adversarial. A community member highlighted this change, "[companies] are seeing a squeeze and mills are tightening up their spending. This contributes to strains on the community-company relationship" (Q12). At the local level financial hardship usually prompted companies to lobby municipal governments for tax concessions. An interviewee from Quesnel described the effect that profitability has on the relationship between companies and municipal government:

Most of the issues between the companies and the city were around things they needed to conduct business. If a company wanted something they got it, they really did not interfere with the town. When money ran low things became more adversarial. It is easy to be generous when you've got lots. It became more confrontational for local government because it is hard to get along if you have no money. For years if the municipality had no money the companies would just kick in. Everywhere you look there are things that have been donated by the different companies. When that dried up it put pressure on the municipality. (Q19)

Companies’ roles in these efforts were predominantly indirect. Municipal councils have adopted agendas that favour forestry companies, with little direct involvement from company personnel. Council members with ties to forestry were primarily responsible for advancing company agendas. Most council members had a vested interest in establishing conditions that contribute to the profitability of the local sector. When asked to reflect on the indirect nature of company involvement in municipal politics and how it influenced the community agenda, a union leader from Quesnel responded:

In terms of municipal politics it is sort of on the fringes. There are mill people on council. There is a bias towards the forest industry on town council from people that were involved in forestry on council. You could see it when committees were set up or [when] they talked about a community forest. The council always has
people on it that are linked to the forestry sector. Companies had their fingers in the political structure that is still there to some extent. You have seen that over issues with taxation. There is not as much direct involvement in local politics but pressure is there to reduce taxes and influence the agenda of council. (Q9)

In Houston, community members and leaders indicated municipal council formally adopted a favourable approach to companies, consisting of policies aimed at fostering the local forestry sector. During this research, the council was working with industry to determine how to assist local mills with the goal of sustaining local employment. For instance, the community decreased spending on events to adjust to reduced tax revenue. As one community leader from Houston indicated:

I know for some of the other communities, such as Burns Lake, industry is within municipal boundaries so it may be different. I know this last year and even the year before we looked at our taxation and tried to address, although it may have been in a small way, the profitability of the local companies. We tried to reduce taxes [paid by the companies]. We looked at our rate this year and really did try and lower that. Although they [companies] had higher assessments we really tried to lower the taxation rate [to be] the same or lower than previous years because we knew they are hurting and tried to work with them that way...

We are looking to reduce taxation rates because we know that industry is hurting right now. We want to create policies in Houston that make it conducive for industry to come to town and sustain operations. We need to recognize that they cannot provide everything now. The council and some of the community recognize this point. If it is choice between keeping them going and shutting them down we need to recognize that they cannot be expected to do everything. This sentiment was communicated to the town through meetings and press releases. As a result, functions are adjusted. The prizes and extravagance does not have to be there. You have to tighten your belts and change the focus. The important or major events are still there. We just try to focus on the quality of community events, not the quantity. (H16)

The ‘pro-industry’ approach adopted by council illustrated the uneven power distribution within the community. For example, councils tended to adopt a firm stance with residents and local businesses regarding issues such as air quality but did not challenge forestry companies. An interviewee from Houston noted the longstanding double standard within
the community, “Council has passed bylaws encouraging high efficiency wood stoves and low flush toilets [for residents] years ago but they were not willing to challenge Canfor’s beehive burners” (H2).

Companies have taken a ‘hands-off’ approach to municipal politics in most cases. Companies prefer to remain detached from municipal politics unless issues impact their operations. Reflecting on this new approach by companies, a community leader in Mackenzie stated, “Companies are more detached now, they are content to let the town council run the town with little input from the company” (M24). Forestry companies were able to adopt this approach “[when] local politics exerted less influence on the corporate bottom-line, corporate leaders withdrew from local politics” (Beckley, 1996, p. 44). Regarding companies’ approach to municipal politics, an interviewee in Quesnel stated, “The companies try to stay out of municipal politics and local decision-making. They tend to stay within their area of expertise” (Q12).

Companies prefer to be indirectly involved in municipal politics in an “advisory role” unless direct involvement is necessary (Q2). This approach increases flexibility as it allows management to intervene or pullback as issues arise and priorities change. A community member from Houston, a mill manager from Mackenzie, and the leader of a community organization in Quesnel outlined how companies have taken a ‘hands-off’ approach to municipal politics, respectively:

The companies were not really all that interested in community decision-making, planning, or politics. There was never any direct involvement with politics, but employees were involved. They never really get directly involved in things, they sponsor things and let the community take care of itself. They are not involved extensively in politics. (H18)

In terms of politics the involvement by the companies has toned down now but it has not completely gone [away]. We still take issues to council. There has always
been communication between company and community especially regarding big issues. Day to day plans have not been discussed but big issues certainly are. (M19)

Companies are involved in community affairs when it directly in their best interests… The attitude of companies towards the community all depends on where you sit, if you are in the boardroom in Vancouver you may not care about what happens in Quesnel, if you are a mill manager with a family then you probably see it quite differently. (Q10)

Community members had mixed feelings about the lack of direct involvement by forestry companies in municipal politics. On the one hand, community members viewed companies as valuable sources of local human capital that were underutilized in planning and decision-making. However, communities were grateful for increased independence from companies and indicated that there was no desire to return to paternalistic relationships. The leader of a community organization from Quesnel summarized the dilemma facing communities with regards to company involvement:

I think that companies operate fairly effectively within their sphere of influence. At the provincial level companies are often at the table talking about what they need to keep going. But in terms of local politics you don’t see or hear about [them being involved]...

If companies wanted to be involved in the community they could be highly influential. So the fact that they aren’t [involved] as much, maybe that’s a good thing. But on the other hand, maybe we are missing some really good management talent that exists [in companies]. In community like this that is so dominated by forestry having the forest companies at arm’s reach from your government is almost [as important] as the separation of church and state [laughs]. You want to kind of maintain that separation! (Q15)

One area of municipal politics in which companies frequently became directly involved was municipal taxation. Industrial taxation levels motivated companies to become involved in municipal politics. As one interviewee commented, “The main intersection between company and community are the efforts to reduce taxation. This is
understandable from their point of view. Forestry towns have very high industry taxation.” (Q21). Companies lobbied municipal councils over issues, plans, and expenditures that affected, or were perceived to affect, their taxation levels. A community leader from Houston stated that local mill managers approached municipal council regarding reducing municipal taxation levels to help sustain local forestry companies:

The local managers came and talked to us about this issue [reducing taxation] and were pleased to see that we had already addressed this in our budget deliberations. We really worked hard, and acknowledged the issues in the forestry sector. It is widely known here, and across the province that industry pays the majority of municipal taxation. We see lowering taxation as a way to attract new industry. If we can lower our rates it will encourage other industries to come. It will also encourage industry to reinvest in infrastructure here. I mean, if rates stay the same, why would anyone want to reinvest or come to the community? (H16)

A corporate employee from Quesnel outlined the role taxation plays in company involvement in municipal politics:

In terms of municipal politics, companies are involved to a small degree. In terms of influence we try to be involved. Companies have formed the Industrial Rate Payer Group to review where we think the [municipal] budgets should be, especially as they relate to our taxes and around industry. (Q7)

The most vivid example of company involvement regarding taxation was in Quesnel where companies formed the Industrial Ratepayer Association to address industrial taxation, a longstanding local issue. During this research, taxation was a significant issue as companies felt municipal taxes should be flexible so as to accommodate conditions faced by companies during crises. For instance, companies framed recent lobbying efforts as being driven by the recent recession. A municipal leader from Quesnel indicated that companies increased pressure on council to reduce costs during the economic downturn:
From the perspective of the mills, they are very focused on their bottom-lines now and are concerned with losing lots of money. We [the community] represent a “cost centre” to them, and similar to other “cost centres” they would like us to be lower cost and not come after them for so much money on taxation. (Q8)

In response, council worked to reduce taxation in an effort to secure investment, address stability of the local sector, and reduce dependence on industrial taxation.

Some community leaders from Quesnel viewed high industrial taxation levels as being ‘inequitable’ and ‘unfair’ because it composed a large proportion of the city’s total tax base. Council wanted to address the imbalance between residential and industrial taxation to address the viability of industry. However, community members felt that municipal taxation only accounted for a small portion of each company’s operating costs, making the impact of reduced municipal taxation negligible on the sustainability of local industry. Moreover, mill managers and community leaders did not address the disproportionate requirements and impacts on infrastructure of industrial users relative to residential users:

Changing the amount of industrial taxation can be connected to the Industrial Ratepayers Group, we get prompts from them all of the time. The Competition Bureau of BC put out a report [stating] that industry is getting gouged by municipalities. They say that municipalities do not provide services to industry in proportion to what they receive in taxation from industry. The Competition Bureau suggested that residents in industrial towns get a free ride and that industry pays the whole shot.

Based on that comment we took a look at ourselves and said yes we are probably not being equitable to our industry here... One of the solutions they [The Competition Bureau] came up with was to lower municipal taxes even though in the grand scheme of things municipal taxes are a drop in the bucket for these companies. But it is a fixed cost and every company wants to lower their fixed costs. There was also a feeling by council that taxation was not equitable. Four years ago the industrial ratepayers accounted for over two-thirds of the tax base while the majority of services [provided by the city] were residential. Most people would agree that is a problem. Council realizes that it is not fair. Over the years council has changed and some are more “pro-business” and less about low-
cost services. So I guess there are internal and external drivers in terms behind taxation issues in Quesnel. (Q8)

Community leaders stated that companies pressured council to reduce taxation on the basis that they do not use many of the services provided. Local leaders indicated they have to consider companies’ opinions when planning services and infrastructure budgets. As one interviewee in Houston stated, “If you are going to fund services or infrastructure with tax dollars it is often contentious with industrial ratepayers if they do not use the service. The needs of industry affect decision-making regarding funding with taxation dollars” (H19). Similarly, a mill manager in Quesnel asserted that communities need to consider the state of forestry when spending tax dollars, especially during downturns:

The number one issue for industry in Quesnel is taxation. We see that other resource towns are working with industry to reduce taxes. We also need to address spending. A multiplex is being proposed and the community will be looking to industry to pay. Is this the right time to be spending money? Questions like this largely fall on deaf ears. Let us get out of the ditch then let us look at pursuing projects. Industry has had good times over the years but now industry needs to change and it is not. (Q23)

Information sharing also started declining beginning in the 1980s. For different community organizations it became harder to access information regarding the local forestry sector. In instances when companies were bought and sold, various communication responsibilities were shuffled between the periphery and different corporate offices. This was also an issue for local company employees who had to contend with different corporate mandates, policies, and cultures. The recent recession made reduced communication a pressing issue. In Houston and Quesnel, reduced communication and information sharing raised concern regarding the future of the local forestry sector. In Mackenzie, the lack of communication and information sharing was a
predominant issue because companies were not forthcoming about plans for the mills in the midst of shutdowns. In the absence of information from company officials during times of uncertainty, rumours became important sources of information and disinformation, which contributed to anxiety, insecurity, and instability (Bradbury & St-Martin, 1983).

For communities, it is becoming increasingly difficult to get information from forestry companies regarding future plans. Interviewees commonly indicated that, “corporate cards are kept close to the chest, which leads to speculation within the community” (H2). A sentiment across each community was that it was getting harder to obtain information regarding companies’ plans for local operations. This made it especially difficult for community leaders and families to plan for the future. Many community members hoped that information regarding the future would be provided as needed. However, information regarding the sustainability of different mills was not shared with the community. As such, they felt that companies should take a larger role in communicating the implications of different environmental and economic scenarios with the community and employees. As one interviewee from Quesnel involved in forestry stated:

When you look to the future, in five years time there are going to be fewer mills here. West Fraser has enough timber to supply their big sawmill. The other companies are poor in terms of timber. I don’t think Tolko will be operating, Canfor might be… but you still see people enter into mortgages for houses that they can barely afford because they have got a toe into one of the mills in town. I just think that is unethical for the companies not to be up-front about their future plans. (Q6)

Many felt that companies reduced information sharing and communication as a strategic effort to remain competitive. Community members also speculated that
communication had reduced due to the increasing speed of change within the forestry sector. Mill employees felt that because companies were dealing with rapidly changing circumstances they simply did not have the time to communicate with communities regarding their plans. They also felt that companies might not be sure of plans themselves. As a retired forestry employee in Houston stated:

Information sharing is probably getting worse over time. This is probably related to the mountain pine beetle outbreak because things are changing fast making it hard to get information. We used to have five-year plans [in the forestry sector]. They may not anymore because of things like the pine beetle. (H3)

Some of the anxiety related to communication issues could be addressed if dealings between municipal councils and companies were more transparent. Communication between councils and managers was often conducted behind closed doors with little public consultation. This contributed to uncertainty and anxiety within the community especially during times of economic unrest:

Relationships are more secretive now meaning that there is less opportunity for information sharing with the general public. Now there is less opportunity for the general public to know what is going on. We just found out that Canfor asked for a tax break and I’m sure that they will get it. It was never a matter of public meeting or public agenda. It is not as bad as it used to be but people are discontent. (H2)

6.3. The local business community

Companies also changed how they did business within the community after Fordism. The first change identified was the adoption of policies that reduced local purchasing. These policies were perceived to limit local management’s ability to account for local peculiarities. Second, companies increasingly sought to reduce costs by using large contractors. Companies also pressured existing contractors to reduce costs and
assume more financial risks. These changes contributed to the loss of services within each community.

The adoption of centralized purchasing by forestry companies has become an increasingly common practice over the past 20 years. Centralized purchasing was highly detrimental to the local economies because of increased economic leakage. Local businesspeople and community leaders indicated that companies purchased fewer supplies and services from local businesses than at any other time in the past. A Houston businessperson outlined changes in local purchasing practices over time:

I own a small business that supplied the mills. I supply the mills less today than before, there has been a shift... There was a centralization of purchasing which meant that less and less was being purchased locally... We started to see this shift thirty years ago towards bigger and better. Global operations and global products have made it hard for the local economy. There is this perception that nobody can compete with big box stores so people leave without giving local businesses a chance. It is a trend amongst companies and consumers. Economic leakage [from the local economy] is worse than it has ever been. (H6)

The leader of a community organization in Houston summarized how changed relationships have impacted the local business community:

Both Northwood and Canfor have always had a central management style. This has meant that decisions are not always made locally. Houston Forest Products used to be better with local decision-making. However, it has lessened since the West Fraser takeover. The centralized management style affects the community in a number of ways. First, with central purchasing policies companies stopped purchasing things locally. For example, the stationary store is very good and gives very good prices. Companies prefer to buy in bulk from somewhere else and have it shipped in. Things are shipped in now from outside of the community. It is corporate policy so it happens whether it makes sense or not. Second, the corporate policy on contractors effectively pinches the profits of individuals. Companies are always looking to pinch logging contractors. That is one of the bigger concerns in the community. (H1)
Businesspeople viewed centralized purchasing policies as rigid, limiting managers’ ability to accommodate for local circumstances. Local businesses are being used less by mills as main suppliers of goods and services. Companies only used local businesses in emergency situations when they could not wait for parts or services to arrive from regional services centres like Prince George, Vancouver, or Edmonton. As one interviewee from Quesnel noted, “The local forestry industry is less ‘community-based’. For instance, if managers want to purchase from one of the local businesses they have to talk to a purchasing department in Edmonton.” (Q10). As a result, many local businesses could not survive and were replaced by corporate franchises. Consolidation, and the rise of large contractors (particularly in the logging sector), has reduced the profitability of many local businesses. Community leaders in Mackenzie and Houston described the adverse impacts of centralized purchasing policies on local economies:

Local managers are making fewer and fewer decisions and purchasing of goods and services is going to businesses in Prince George more and more. I mean we have lost services like BC Bearing. The services in Mackenzie that are used are generally on a Saturday night when they can’t get anybody else. Local businesses are used for emergency purposes only, not for day-to-day stuff. That has really hurt our industrial area.

We had this same problem when I worked at Northwood. The heavy equipment operator would come into the office mad because he needed stuff and he could get it in town but he was not allowed to because central purchasing got everything out of Prince George. Everything became slower and the local merchants just don’t have much of a chance to bid on these items.

When Abitibi shutdown we went and met with local businesses and that is something they all said. They weren’t getting the local business [from forestry companies] that they did historically. Local branches of big multinational companies like Finning get contracts. (M24)

Forestry companies used to book all of their travel through the local travel agents. That was for all travel, from millwrights to executives. Now arrangements are made out of Vancouver. [Companies also] used to order their stationary out of Houston, Prince George, or Smithers. For the most part they used to shop locally for stationary. Now it is bought from suppliers in Vancouver.
There was a “marginal improvement program” when Canfor took over Northwood and was aimed at increasing the bottom-line. We lost services from the community as a result and there has been increased retail leakage to other places like Smithers and Prince George. Two or three machine shops in town are out of business because corporate business went to Prince George or Edmonton. In fairness this was done to ensure high quality, but that is not true in every instance. Some work is done locally on a needs basis. (H2)

Businesspeople felt changed corporate policies ignored the variation between communities. Businesses in small, remote communities do not have the ability to compete with larger centres, but they often fulfil important roles for the mills and the community. The loss of contracts from mills was enough to force bankruptcy in many cases. As such, these policies were perceived to be too rigid because they restricted local managers’ discretion by adopting a ‘one size fits all’ approach to conducting business in a highly varied region. As a result, many local businesses did not have an opportunity to provide skilled services as corporate policies precluded them from contracts. A businessperson in Mackenzie highlighted the relationship between economic leakage and centralized purchasing:

It is also harder to get money or support from the big companies. Big companies also had centralized purchasing so money was not spent locally... The real change was in the way that companies interacted with the local business community. We started to see a shift towards purchasing from suppliers out of town. There is some feeling of being a number when dealing with the large companies. We lost lots of businesses and skilled guys from town because of it. (M1)

The rapid growth of a few companies within the Interior strengthened the bargaining position of companies with contractors. Community leaders and businesspeople were very concerned that the concentration of local forestry sectors in the hands of a few companies has made small business communities increasingly vulnerable. For instance, in Quesnel some businesspeople felt that West Fraser’s dominance of the
local sector gave small businesses and contractors few options or leverage when negotiating. Consolidation and corporate concentration in the northern Interior have increased the power of forestry companies while increasing risk for local suppliers and contractors. Local contractors have few options but to accept the terms of contracts dictated by the mills:

If you are involved in the forestry sector locally you have to deal with West Fraser. If you have a falling out with them you may as well leave town. The current ownership situation is not healthy for the community. (Q6)

The squeeze is getting tighter and tighter. The bottom-line is becoming more and more important to the companies. This is squeezing out local contractors and forcing them to take whatever the mill decides to give them. Many of them are stuck taking the contracts because they would not be able to find work elsewhere. (H7)

When industry is cutting back, one of the first places they cut back is on the “out in the bush people” and on those contractors. And they cut them down and everything is so fine, like their profit margin is so fine, and you have a lot of trucks that are driving from so far away and their timeline is so short to get in. A company will go to a guy and say that we did a round trip in our pickup in one hour and 23 minutes so you should be able to do it in one hour and 25 minutes. (Q11)

Another significant change involved contractors used by the mills. Rationalization efforts by forestry companies had increased pressure on local contractors. The most recent economic downturn has highlighted the adverse conditions and stress faced by contractors. Forestry companies have moved towards awarding contracts to large, independent contractors to reduce costs and increase efficiency. Large contractors are more efficient because they can purchase specialized, expensive equipment. Rationalization has forced many local contractors out of business:

During the time that I was in Houston there was a period of consolidation of contractors. It didn’t happen with HFP but with Canfor by its former owner Northwood. They looked at consolidating some of its contractors relative to its
log supply. It happened between 1995 to 2000. From the community standpoint there was cause for concern from the wood side. It caused quite an uproar within the community and amongst the contractors. During this time period there was a move by the company towards using fewer logging companies in the bush. In a way it was introduced to address efficiency and costs. (H4)

During the 2008-2010 recession companies sought to reduce costs by demanding concessions from communities, employees, and contractors. This is part of a trend by forestry companies since the early 1970s to reduce costs to address decreased profitability (Prudham, 2007). In 2009, Canfor demanded that contractors reduce costs by 10% to help the company address the recession. Local businesspeople indicated that rationalization and rising input costs increased pressure on an already strained industry. Most of those interviewed indicated that experienced contractors were forced to operate at a loss or go out of business (Patterson, 2008). A businessperson in Quesnel outlined how the economic downturn increased pressure on local contractors:

We [the community] were all surprised to learn that recently one of the licensees cut 20 minutes off of the cycle time. The logging trucks already drive too fast under horrible conditions. It is unprecedented to take a look at cycle times, that are already dangerously short, and say, “we’re pinched for cash guys you have to drive faster.” I just don’t get it…. Well I guess I do, it is like everything else that happens with companies. It is money based but at some point somebody really has to take a look. It is unsafe for the drivers and the general population. It just means that it forces drivers to work longer, make one more trip, do something to make ends meet. This just places more stress on an already stressed out logging industry. This move will force experienced operators out of business and bring in inexperienced operators under the assumption that they can make some money if they really pinch. (Q19)

Since the 1980s, forestry companies have also removed many of the policies or contract provisions aimed at benefitting the community. These policies were viewed as part of a company’s commitment to the community. Many contract provisions and
requirements designed to ensure money circulated within the local economy were
eliminated over time. A union leader in Mackenzie gave an example:

In the case of FFI contractors had to live in town. If you were a contractor you
had to maintain a residence in the community. That was part of their commitment
to the community… In the case of AbitibiBowater upper management was very
concerned with share values. When you would talk to them it seemed to be all
they cared about. There were no concerns for the workers or the community other
than required statute things around safety. They never went above and beyond.
That was a big change. (M6)

Changes to relationships have contributed to shrinking populations and the loss of
local businesses. These trends have made it hard for communities to justify, provide,
qualify for, and support many retail and government services due to shrinking population
sizes. This is particularly problematic because adequate local infrastructure and services
are required to develop successful diversification plans (Bliss et al., 1998). Without
sufficient infrastructure or services, communities have a difficult time attracting and
retaining businesses and people. With regards to retail services in the study communities,
job loss has contributed to the loss of local businesses. As such, economic leakage has
increased with commuting for shopping and services. Community leaders worried that as
local populations dwindle, they will not have sufficient population bases to qualify for
various social services. This trend is already occurring in each community as the erosion
of local services has forced some to commute to Smithers, Burns Lake, Prince George, or
Williams Lake. A community leader and a businessperson in Mackenzie described these
causes and impacts, respectively:

We do not have many of our own local services anymore, lots of them are from
outside because you don’t have the population [to sustain them]. We have seen it
with social services, education, and healthcare. All of this is [compounded] by
globalization of the industry. All of these changes can be linked to this trend that
reduces the number of people required in production and reduces the number of people within our communities... (M16)

Our largest variety store is the Bargain Shop. We used to have a Northern Bay store that carried furniture and clothing. We used to have a SAAN store, that was very much a clothing store, but they went into receivership and had to downsize but we did not survive the cut. The Bargain Store that just sells candy and stuff, that is their business model. I mean, here we are a town of almost 5,000 and you can't buy shoes for your kid. I feel badly for the family unit because not everybody wants to hop in a vehicle and spend a day in a larger centre shopping. We probably should have [looked to] grow or solidify the services that are available here. The selection for retail products just is not available here. (M4)

In Quesnel, a community member outlined how reduced employment in forestry will impact the community’s service sector in the future:

Losing people will contribute to eroding the services and infrastructure within the community. We have seen head offices and government services moving to Williams Lake. This is a contentious issue within Quesnel but nobody is fighting it. People are now heading to Williams Lake for services and retail options. (Q11)

6.4. Conclusion

The 1980s recession was a catalyst for gradual retrenchment of companies from community affairs. This shift exposed a disjuncture between company and community perspectives on their responsibilities and obligations to each other. This recession emphasized for most that communities had fewer resources available to address crises. A key finding of this chapter was that forestry companies have framed their withdrawal from communities as being necessitated by the need for increased efficiency. Local management increasingly used economic considerations and the need to increase local competitiveness when withdrawing from or ceasing previously held responsibilities or activities. As a result, finances dedicated to community activities, organizations, and services gradually tightened up or were shifted to the community from the companies. On
the whole, communities found there is currently less balance between meeting the needs of the community, local issues, and production. This has adversely impacted morale.

Interestingly, in response to withdrawal by companies, community members as well as local organizations and governments adapted to account for reduced resources and support. Despite stating that community issues are largely beyond their purview, companies remain heavily involved in municipal planning and regulation. Companies continue to work to minimize risks to profitability at the local level by being indirectly involved in local governance. By withdrawing from formal obligations, companies have been able to reduce demands upon managers and financial capital while retaining the ability to protect operations. Communities have tried to find a balance between accommodating industry and meeting the needs of community members. Individuals and community organizations have moved towards self-funded events and organizations, changed their expectations regarding amenities, reduced their personal attachment to companies, tried to create a local climate that is conducive to attracting and retaining industry, and experienced changes to service availability due to rationalization and centralization.

Company discourse justified changing relationships as being necessary to cope with changing economic realities in the forestry sector. They portrayed their actions as being ‘normal’ behaviour given the global state of the industry. Withdrawal was depicted as decreasing burdens on companies while increasing the freedom and independence of communities. The actions of companies indicated that it is the responsibility of communities to find new and innovative ways to address shortfalls during downturns. Community leaders tended to support this sentiment, asserting that it was incumbent
upon communities to do more with less. In essence, companies have portrayed themselves as being helpless because restructuring was beyond their control due to hostile global circumstances and inhospitable local conditions (Mills, 2012). This chapter showed how companies have effectively utilized discourse to change community expectations regarding employment changes and involvement due to restructuring and they remain influential actors in local governance. Companies have also changed policies related to how business is conducted locally and this has resulted in the loss, or increased instability, of many local businesses. These changes have weakened communities, harming their abilities and capacities for community development.
Chapter 7: Findings: Drivers of Change

In Chapters 5 and 6, I addressed the nature of community-company relationships in forestry-dependent communities and how the relationships have changed with economic restructuring. This chapter addresses the research question, "What processes have driven changes in community-company relationships?" As outlined in Chapter 6, community-company relationships have gradually changed over time moving towards company retrenchment and community instability. This chapter explores the economic, political, social, environmental, and technologic processes that shape interactions between forestry companies and communities.

This chapter is structured around three drivers of change identified in the analysis. The first section outlines how globalization and consolidation of the Interior forestry sector have created new pressures on companies that have changed how local mills operate. The second section examines how corporate restructuring has changed the responsibilities, expertise, tenure, and skill sets of local managers and how these changes have impacted communities. The third section outlines how changes to forestry policy have not only eliminated ties to communities, but also represent an important symbolic shift in how community-company relationships are viewed by the province and by companies. It is important to note that these categories do not represent distinct, separate forces. Rather, each of these processes are interdependent.
7.1. Globalization and consolidation of the Interior sector

Globalization of the forestry sector was identified as a primary driver behind changing relationships. Common definitions of globalization included increased competition within the global marketplace, changing demands of international consumers, and changing forestry policy. In terms of companies within BC, globalization was seen as forcing a widespread shift from local ownership to “multinational” (Q11; M6; M1; M7) or “global” corporations (M16; Q11; Q10). Changed relationships were also linked to the increasing magnitude of global pressures regarding regulations, competition, and market demands. Many felt that as companies began to manage operations and issues across vast spaces in different regions, relationships were shaped less by local institutions, issues, and history:

The attitude change on the part of companies has shifted from being community oriented to being globally oriented. Quesnel is just a small fish on the world stage... Globalization has driven the change in community-company relationships. It is more profit-driven and globally oriented. Communities are just one fish in the pond. I think that global issues have driven the changes in relationships. Things like global competition... (Q11)

Increasing global connectivity was also identified as driving changing relationships. Companies framed their actions as being motivated by a continued struggle to compete in a global marketplace. As such, addressing flexibility within mills and communities helped to keep companies efficient, productive, and profitable. As a mill manager in Quesnel stated, “Everything is connected in the forestry sector from global prices of chemicals to local issues like the mountain pine beetle. The mills in BC and in Quesnel have to compete with every other mill in the world” (Q23). This strategy appears to have been effective (see Chapter 6) as mill workers in each community were well
aware of their mill’s productivity in relation to others across the company, region, and province. A mill manager in Houston outlined the importance of flexibility in the face of changing global markets and increased competition:

Relationships have changed because world economies are opening up. This creates a need for resources all over the world. Look at emerging economies like China. These emerging economies will be the resurrection of the forestry sector because we will lessen our dependence on the American market... However, we have to compete with other countries [to supply those resources]. (H8)

The increasing size and scope of forestry companies was attributed to changing community-company relationships over time. Community members often characterized this phenomenon as a move away from ‘small locally owned’ companies towards ‘global forestry’ or ‘multinational forestry companies’. For instance, community members readily identified how MNCs gave less consideration to community obligations and involvement. However, from the mid-1950s onward, most companies in Houston, Mackenzie, and Quesnel have generally been large multinational companies. Therefore, it was unlikely that changing relationships can be adequately explained by changing ownership types of forestry companies alone. Rather, changes are better explained by the adoption of different approaches by firms to communities that were increasingly indifferent to local circumstances and institutions (Cox & Mair, 1988). As previously mentioned, locally owned companies were not found to have a greater degree of loyalty to individual communities. Furthermore, locally owned mills have to compete in the same global marketplace as their multinational competitors. As such, locally owned firms face the same pressures to reduce costs and uncertainty during periods of crisis. The predisposition to adopt practices that enhance community welfare is not assured by ownership type (Krogman & Beckley, 2002).
Changing relationships are better explained examining the different demands from global and local institutions following the 1980s. Rapidly changing environmental, economic, political, social, and technological conditions instigated change in the regional sector. Indeed, change in the economy of the Interior has always been constant and drastic. It appears that companies adopted different relationships with communities when they are faced with drastic changes in economic conditions. As companies faced shrinking profit margins after the 1980s recession it was evident that restructuring was required. Changes to how companies operated locally were one part of on-going restructuring efforts. Mill workers generally shared the sentiment that, “As the money evaporated out of the industry there was a necessity to [become] better and faster. It has taken the economic slack out of the operations” (M15). As profitability decreased, companies adopted different approaches to communities:

The change in community-company relationships has been driven by the lack of profitability by individual companies. Companies with money didn’t get that way by being nice, they can’t afford to be compassionate big brothers. Companies are [no longer] creators [like they were in the past], today they are buyers and sellers. (M21)

In the Interior, companies responded to the crises in the 1980s and 1990s by consolidating. Forestry companies used consolidation strategically to lower costs and achieve economies of scale by increasing efficiency, optimizing production (usually by closing small, inefficient mills), integrating fiber usage, amassing tenure, and moving towards large-scale operations (Nelson et al., 2006; Parfitt, 2005; Sanderson, 2006). For forestry-dependent communities, consolidation and subsequent “capital intensification” has resulted in layoffs (Markey et al., 2005, p. 25), mill closures (Bowles et al., 2002; Reed, 2003b), and uncertainty. As a businessperson in Mackenzie stated:
You also have the situation where companies are getting bigger and bigger. In the past when a company failed, it barely made a ripple in the water. Now you have large corporations and if they fall at a bad time it is a bigger kick that hurts more. What is the fallout of that for communities?

When Canfor has bought out companies they closed down mills. What does that do to a community like Mackenzie or Chetwynd? We are not going to operate again unless commodity prices rise so much that somebody else comes in and buys up the assets… When you look at the family tree of business, there are really only a few [companies] in the game. When big companies swallow small companies it usually results in closure. This has had big implications for forestry towns. (M4).

The impacts of consolidation were most visible within Quesnel where the West Fraser acquisition of Weldwood had several positive and negative implications for the community. In terms of the negative implications, consolidation essentially made Quesnel a company town. Now, Quesnel’s future is tightly linked both to the strength of the forestry sector and to the fortunes of West Fraser. There is also less local competition for skilled-labour and contracting services. As one local service provider stated, “initially, when the consolidation by West Fraser happened it was scary [for the community because] now everybody in town has the same email address, westfraser.com” (Q2). Recent rounds of consolidation are creating a “trend towards the re-emergence of the single company town” throughout the region (Bowles et al., 2002, p. 30).

At the community level, fewer companies resulted in fewer sources of funding, during a period characterized by shrinking corporate donations and support (as outlined in Chapter 6). Put differently, larger companies did not always donate larger sums of money for different community initiatives and organizations. As the leader of a community organization stated, “Look at this town, there are fewer companies in Quesnel now. We went from six or seven companies down to three or four. This means there are fewer companies to go to for donations for community projects now” (Q16).
Consolidation also placed more pressure on remaining companies to provide the community and different community organizations with financial support. This created issues because if a company did not support events, groups, or causes then opportunities for securing funding were limited. In Quesnel, many community members commented that West Fraser is expected to play a large role within the community because of its prominence:

West Fraser may be nervous that Quesnel has essentially become a company town. This raises concerns over dependence and places pressure on them to provide things. It creates a situation where they face a never-ending revolving door of people wanting things. (Q21)

Consolidation was also linked to increasingly formalized relationships. Community members felt changes were increasingly guided by “corporate thinking” or the “corporate approach” (Q10). As companies become larger they had less time and lacked the ability to assess the local impacts of their decisions. Increased complexity was attributed to large consolidated companies having operations throughout the province and the world33. When describing the impact of large, consolidated forestry companies on community-company relationships, two leaders of community organizations from Quesnel, a Mackenzie businessperson, and a community leader from Mackenzie stated, respectively:

Locally owned companies had a different “respect” for the community. Multinational corporations have what can be described as a “loose connection” with the community. With locally owned companies the owners all lived here, they had to be part of the community. Multinationals still contribute to the community financially... but as the companies have become multinationals, there

33 For example, when looking at the major companies in the study communities during data collection, Canfor had 31 operations across BC, Alberta, Quebec, and the United States (Canfor, 2008), West Fraser had 40 operations across BC, Alberta, and the United States (West Fraser, 2008), and AbitibiBowater had 67 operations in BC, Quebec, Ontario, Newfoundland and Labrador, Nova Scotia, the United States, England, Scotland, and South Korea (AbitibiBowater, 2008).
has been a shift in focus away from community needs to shareholder needs. For example, when Canfor took over Slocan there was a big change in community focus. Canfor was less community oriented than Slocan. Also, Weldwood was very community oriented and was heavily involved in consultation. Locally owned companies worked with you and we have lost that with big companies. (Q11)

Consolidation by West Fraser affected the community-company relationship but it is difficult to say how. It is clear that [consolidation] is going to change it. If companies become global in their reach then the owners and senior decision-makers are outside of the community then it will change how they will interact with the community. It is likely that mills will become numbers and they will be less likely to consider the community impacts. You can see that consolidation has driven a change [in communities] but it varies from place to place… (Q10)

When we look at how it [community-company relationships] works today we can look at Pope and Talbot as an example. They come in and run the mill, they are an American company out of Portland. They invested in different things that didn’t work out. So when you have a big corporation, and you have weaknesses in that corporation, it can hurt the community. You might have this [a local] mill making money, but it falls on hard times because the company is not solvent. So with Pope and Talbot, the Mackenzie mill suffered because the company fell on bad times… Mackenzie has suffered because of things beyond local circumstances. (M4)

BCFP and FFI were like large families within Mackenzie and could be characterized as “family” companies. There was a shift within forestry onto the “global scene” and forestry communities began to suffer. Within Mackenzie this shift was characterized by the shift towards Fletcher Challenge and Donahue in the mid-1980s… “Globally oriented” companies approach employees and communities as if they were numbers not people. The “family mills” approached people differently, they cared about the province and the community. Global corporations are withdrawn from the community and tend to be more antagonistic. One of the big things when you talk about the difference between global and local forestry is [with global forestry] you don’t have the ability to find out, or influence, what is going on. (M16)

Consolidation also had positive implications for Houston and Quesnel. Investment ensured local mills remained operating while mills in other places were forced to close. Investment in supermills has “created the mind-set that the company is committed to the community. The investment is seen as part of that commitment” (Q5). Community members postulated that increased capacity and efficiency of mills and the loss of
appurtenancy could make Houston and Quesnel integral production centres in the future. Consolidation combined with rationalization, capital investments, and tenure changes have created synergies and economies of scale in a few places throughout the Interior (Nelson et al., 2006). A leader of a community organization outlines the implications of consolidation for Quesnel:

There was also consolidation on the part of West Fraser. They used to have a sawmill and half ownership in a pulp mill, now they own 3 of the 5 mills. Consolidation has made the community vulnerable because of reliance on one employer. [On the other hand] it also makes it stable in others because West Fraser may still produce 2x4s when it is not profitable because they need the chips for pulp mills. Being diversified in operations means that something is usually making money for the company. On the negative side, if West Fraser fails then Quesnel fails.

The major forest companies went to the Gordon Campbell government with the argument that they could not be successful globally, unless government policy that supported expansion, consolidation, and globalization of the forestry sector. And the Liberal government agreed with that argument and built their forest policies around that argument. I think they [government] bought it. If it was not for the level of integration of in Quesnel we may have lost a sawmill or two. It has been good for us in that sense. The downside is that we have lost many of the tools and opportunities that might have been available to us around the land base, the trees, and the forest sector. (Q10)

7.2. Corporate restructuring

Relationships with local management also changed in part because contemporary managers varied from their predecessors in several respects. First, contemporary managers have different skill-sets than previous managers. Second, managers face different pressures and operate in a different environment than their predecessors. Third, local managers are increasingly recruited from outside the community and staying for shorter periods of time. As a result, community members indicated that levels of trust in local managers had declined over time resulting in different relationships.
As previously mentioned, the most readily identifiable link between the economic landscape and community involvement was how local managers approached operating the mill. As profitability changed within the sector, local managers faced increasing pressure to focus heavily on rationalizing operations. A local businessperson in Mackenzie outlined the impact of the changing economic landscape on local managers:

Managers were different then because times were different. Times and conditions have changed. Those days you could sell everything you made for a profit, now you have problems with selling products and profitability. The main difference now is that managers are primarily profit driven. Now because everything being sold is at a loss the companies are not donating much of anything. The pressures on managers today are different than they used to be. When you are working in a “money-making” environment it is totally different than working in a “money-losing” environment. Your operations and opportunities are totally different. (M11)

The changed focus of local managers was often attributed to corporate managers placing greater emphasis on addressing profits. For example, a community member in Mackenzie indicated, “Managers receive pressure from above to increase production. This shift can be linked towards companies being more focused on profits over time” (M18). It is important to note that the primary goal of companies has always been, and will continue to be, making money and increasing profit margins. There was no evidence to suggest that companies or managers were less focused on making profits in the past. Rather it appears that companies have changed how they conduct business at the local level (outlined in Chapter 6). Community members felt that some local managers were uncomfortable with this new approach but have little recourse for action. A local businessperson in Quesnel outlined how local managers were under continuous pressure to press businesses and contractors to reduce costs:
On the local end the managers may feel bad that they are pinching because it is not their role and not a role they are comfortable with but do not have a lot of choice. It is a difficult situation where tough policies get handed down to them from the “bigwigs” in Vancouver, Toronto, and Montréal. (Q19)

In a similar vein, a retired company manager stated corporate policy plays a smaller role in community-company relationships than the approach of local managers. Despite this, mill managers play a key role in shaping community perceptions of corporate approach at the local level. Communities often conflate corporate policy with the actions of individual managers. Local managers are often responsible for implementing corporate policies and establishing and maintaining community-company relationships (Hoppe et al., 2007). Similarly, local managers play an integral role in shaping the perception of relationships within communities:

There were times that were tough on the industry. As such, companies were frugal. However, the attitude did not change, the people were the same. People are the face of the company. It comes down to the individual and it really is what makes the difference. For example, if you had a “hard ass” company with a giving manager, the community would be happy. There is no real generalization [regarding approaches taken by companies] to make because it varies by individual location. The approach of [local] management is the key factor. (H13)

It was clear that contemporary managers are well equipped to address issues of productivity and efficiency while being less skilled at, or interested in, addressing the community. This was why community members had a strong affinity for earlier managers. Almost everyone spoke highly of managers from the dominant firms during Fordism; BVFI in Houston, BCFP and FFI in Mackenzie, and Weldwood, West Fraser, and Western Plywood in Quesnel. These managers were often nostalgically characterized as ‘community builders’, ‘town fathers’, or ‘community-oriented’. However, a few people aptly noted that these managers handled community obligations ‘off the side of
their desks' because the success of the company was often highly reliant on the success of the local operation (Grass, 1987).

While there was consensus that past managers had different skill-sets than current ones, only a few interviewees directly addressed the issue. A former mill manager from Houston outlined how the desired qualities of managers have changed over time as companies ceased to look for, or develop, an all-encompassing skill-set in local managers. Rather, due to decreased profitability, they focused on recruiting and promoting managers adept at addressing productivity, cutting costs, and increasing efficiency. As a result, there was less focus or emphasis on encouraging or developing leadership qualities pertaining to various community functions which is part of the overall withdrawal from community activities outside of operating the mill (Beckley & Reimer, 1999). Currently, managers focus on running the mill and act primarily as technicians rather than community leaders (Krogman & Beckley, 2002).

The people recruited for jobs now have different attributes than people did in the past. People are recruited now with the ability to manage costs and have the ability to make the company a buck. They are not looking for a guy that can embrace the community and be a good community leader. Before, managers had to have a more encompassing skill-set. Today it is a non-issue. [Company] people used to volunteer more than they do today. There is not the same warmth and feeling that the company is there for the community like it used to be. (H13)

For many community members it was apparent that mill managers had different experiences than their predecessors. This shift was partly attributed to the increased recruitment of managers with business credentials from universities or colleges. In the past, managers gained tacit knowledge of the forestry business by working their way up from the bush or shop floor to the boardroom. As a result, not only did they have a comprehensive understanding of the forestry sector, they also had commonalities and
credibility with communities and workers. This career path was widely credited with why past managers were viewed as being trustworthy members of the community:

Also, the quality of senior management seems to have decreased over time. The skill-sets needed to deal with people are just not there for the most part. Managers today are just not used to dealing with people because for the most part they did not start on the shop floor. Managers seem to have a narrower focus then they did in the past, many MBAs have little focus on people, however, there are exceptions. You may be good with the numbers not with the people and still be considered a good manager [by companies]. That is my observation.

Senior management will not have to work their way up from the shop floor in the future. Those situations do not exist anymore. Those people went through tough times. They went from working in the bush to running a multi-billion dollar company. Managers today do not have those opportunities because they move from school straight to the office. They may not spend much time in the bush in their entire careers. Today, they are there to manage costs and contractual obligations for the company. It makes it hard for managers to gain credibility with mill workers because they have never done any of those jobs. You don’t have a clue the hardship that workers in the bush go through. Managers in the past rode the trail with the original owners and worked their way up. (H13)

However, today’s managers also face a different operating environment than their predecessors; instability and volatility have replaced stability and control (Leyshon, 2011). As profitability in the forestry sector faced downward pressure from increased global competition, shrinking markets, and increased costs, managers had less personal discretion over spending within the community. An interviewee from Quesnel working in forestry highlighted how the changed operating environment facing companies impacted community-company relationships:

The goal of companies is primarily to make a profit. The goal may not have changed but how they do it has… Senior people in companies that have been here are concerned with community but have others to consider. They have to consider the shareholders and employees and so on. (Q6)

Over time managers had less discretionary power when allocating funds and time to community issues not directly related to production. Reduced direct involvement in
community planning, administration, and social organization has also been observed amongst mill owners over time (Teitelbaum et al., 2003). Most managers now operate in a much more formal corporate structure which requires them to be increasingly accountable for expenditures. This contributes to decreased levels of financial and in-kind support for community events and initiatives. As a mill worker in Mackenzie stated:

In the past companies were very community-oriented and contributed to things such as bursaries, charities, and community organizations. Back then companies were pretty free with the purse strings. [In the past] mill managers had free rein over things and were not restricted to just concerning themselves with the mill. We are faced with a different perspective nowadays. Now, managers have to contend with the “bean counters” in Vancouver over everything they do... We have seen a steady decline in company involvement over the last couple of years. It has gone hand in hand with market conditions for product and the US market demand. (M8)

Finally, local managers began staying within communities for shorter periods of time. As previously outlined, this was responsible for reduced loyalty to the community, understanding of the community, communication about management, and levels of trust within the community. The shortened tenure of managers also contributed to curbed attachment to the community. Some felt that this strategy was employed by forestry companies to reduce personal ties to the community as managers unencumbered by longstanding personal relationships were more apt to make unfavourable decisions to address profitability. A union leader from Mackenzie outlined how AbitibiBowater addressed the issue of community and company loyalty:

In the case of AbitibiBowater managers were brought into town from elsewhere. The mill manager was from Newfoundland, the HR manager was from Ontario... there was nobody from the community. I mean typically, nobody in Mackenzie is from Mackenzie... but it used to be that if you moved up in management you were there for years. Now you are moved around from place to place. There are no ties to the community as a result.
Abitibi did it for that reason I am sure, so that managers would not build a relationship with the community. The higher up you were in management the more you moved around. In the case of AbitibiBowater, managers had to own shares in the company and were required to hold on to them. They wanted to tie you to the company, not the community. I have not seen that in other companies. With Pope and Talbot and Canfor, there was no mandatory rotation of managers... For example, Pope and Talbot had such a good relationship because of their manager and because he has lived here for years and has ties to the community... I guess the logic is that if you have fewer friends in the mill or community you will be willing to make the hard choices. (M6)

It seems unlikely that companies purposefully moved managers frequently in an effort to decrease community loyalty. Rather, mobility is better explained by the changed organization of forestry companies. As a community leader in Mackenzie stated, “After we experienced the ‘global shift’ we have a situation where management personnel are not really part of the community... People were parachuted [into the community] from back East” (M16). As forestry companies became larger there were an increasing number of employees across different corporate divisions. Managers moved frequently to gain a variety of experiences and to work their way up the corporate ladder (Marchak, 1991; Smith, 1999). Similarly, managers indicated that most come to remote forestry towns in the region with the intent of gaining enough experience to secure desired jobs in the Lower Mainland or Vancouver Island. As a forestry worker from Houston stated:

The big difference with the corporate takeovers has been seeing different managers come to town from different corporate divisions. This has led to strong ties of upper management to the business, not to the community. Managers are brought in and are more mobile than they were in the past. They come to northern communities for the experience. The big change has been the change in [community] loyalty. When you had local owners, people were promoted from within and came from the community. They had real ties to the community. (H11)
Transience amongst local management was found to reduce levels of communication with the community. Brief tenures at a variety of different mills are not conducive to developing personal relationships and networks with community members or organizations. This reduced the likelihood that new managers would communicate with the community outside of issues directly related to business operations. Many community leaders indicated that as a result communication with local management occurred on an issue-by-issue basis. Analysis revealed this was part of a trend where management had less understanding of the communities they worked within:

Communication is not as strong as it used to be. [Reduced communication] may be related to the fact that managers used to stay in the community longer. Those managers had a better understanding of what made the community tick. Now managers come into town from somewhere else and only stay here for a couple of years and come in on a tight deadline. They don't really get a chance to do things they want to in the community. (M24)

In Houston and Mackenzie reduced attachment of local managers was also related to increased incidences of commuting. More managers and forestry workers were opting to live in Smithers or Burns Lake or Prince George and commute to work. Several community members stated that commuting had always been a problem but it has increased because companies no longer encourage employees to live in the community. A local businessperson outlined problems associated with managers living outside of the community:

When a manager does not live in the community there is potential for problems. Employees and management from Canfor live outside of Houston. This lessens the attachment of individuals to the community. BVFI encouraged everyone to live in Houston. That type of push does not exist within companies anymore. It has been a gradual change. (H6)
In an article in *Pulp and Paper Canada* (Boughner, 2009), Mackenzie Pulp’s former General Manager, Tom Boughner, outlined how mill manager tenure and involvement directly impacts community trust in companies and mill productivity. For companies to address these issues, they should hire managers committed to living and participating in the communities they work within. He felt the managers should stay within a community for an extended period of time (longer than three years) and become involved because they play an integral role in shaping community-company relationships. These relationships were found to impact mill productivity and community trust:

Before I accepted this position ten years ago, I told Fletcher Challenge that it was time for them to stop viewing Mackenzie as an entry point to the bigger mills at Crofton and Campbell River on Vancouver Island. It was time to hire a manager for Mackenzie who wanted to live in Mackenzie, provide the kind of leadership that was necessary, and participate actively in community life for three to five years. I made that commitment knowing that three years was the average tenure of my nine predecessors.

In 1999, I was intensely motivated to demonstrate that shrewd team building and fired-up, trust-generating leadership could make a big difference in performance. After five consecutive annual production records (from 2001 to 2005) we’d proved that (Boughner, 2009, p. 38).

Changed autonomy of local management, a changed corporate approach, the skill-sets of new managers, and the shortened tenure of managers have reduced levels of trust in local management relative to their predecessors. As a community leader in Mackenzie stated, “I would say that the changing corporate approach has reduced the levels of trust in management. Especially when you compare trust in today’s management to past managers like John Dahl” (M24). Many felt that as managers became ‘less attached’ to communities, communities became ‘less attached’ to managers.

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34 John Dahl was a founding manager and senior vice-president of Finlay Forest Industries’ wood products operations (Drushka, 1998).
There were some anomalies to this situation, which served to bolster the significance of this finding. As mentioned, Tom Boughner the former General Manager at Mackenzie Pulp remained in his position for 10 years, an especially long period of time within the forestry sector (Boughner, 2009). Employees, community members, and workers held him in high regard partly because he remained in the community for a long period of time. Also, Woodlands managers were viewed as being attached to the community and highly trustworthy because the nature of their job required them to stay in one location for longer periods of time, develop personal networks within the community, and communicate with contractors and the community on a regular basis.

For community members, increasing geographic distance between corporate decision-makers and those directly impacted by decisions was detrimental to the community. This disconnect was seen as detrimental because companies made decisions with fewer considerations for community impacts:

It is clear that if companies grow global in their reach, rather than just local, it is going to change the relationships they have with everybody. If the senior decision-makers are outside of a community, if the owners of a business are scattered around the world as shareholders, all of those things are going to change the way that a company interacts with a community. Decisions to close a mill may be insignificant because they are removed from the impacts. (Q10)

Many felt that because, “most companies are detached from the local situation, there really is no community focus. Most of the head offices are in other provinces or countries so they do not have that community focus” (M20). Similarly, two Mackenzie community leaders outlined the community implications:

Decisions are generally made elsewhere and for the most part local management is not in the loop. We understand that they cannot run to us with the information but it makes it hard to plan accordingly… There are different ways to look at
decisions surrounding global and local issues. With regards to Pope and Talbot, decisions are made in Oregon so local issues are given little consideration. (M22)

We are facing a different corporate culture than we had with local ownership, it is a lot more bottom-line driven. Companies have moved towards centralized operations. Nobody even has a head office here anymore, things are sent to Prince George or Vancouver. When decisions are made there is not a lot of consideration given to the community. (M24)

It is important to note that while this theme was prevalent in each of the communities, it was most significant in Mackenzie. This is attributable to the lack of communication over mill closures. Conversely, this theme was least prevalent in Quesnel where the local sector was still running at a high capacity and West Fraser had recently relocated its corporate offices to the community. Many felt that West Fraser was more sensitive to the impacts of its decisions on the community than other companies because many corporate employees lived in Quesnel.

For residents of resource towns, as the power to make decisions moved outside of the community there was less consideration for local implications. While local managers often had community interests in mind, they lacked the power to influence decisions that impacted the community. An interviewee from Houston felt, “the main decisions regarding the mill and community are made elsewhere. People here just run the mill, they do not run the business” (H18). Several community members in Mackenzie outline this change:

Managers at Canfor have said that decisions are not made out of Mackenzie anymore, they are told what to do. Management decisions have been taken away from the people in town. With large corporations that seems to be the way it is. (M18)

Managers here don’t really have the ability to make decisions like they did before. Big decisions have to be approved from far away which means that it takes longer to make decisions. It means that it takes longer for decisions to be made.
Managers used to have the ability to make decisions on an issue-by-issue basis. (M1)

People in town realize that the current situation is a result of a broader problem. In the case of the Abitibi closure there were negative feelings because people saw it as being part of a numbers game where the mill and town were isolated [from Quebec] and the people and the town were viewed as being just a number. (M23)

The biggest implication of the lack of local decision-making power was curbed community development. A community leader from Houston noted that the reduction of local decision-making power has been detrimental to community development because, "decision-makers and headquarters are no longer local. The people that are rooted in the community no longer have real power to do anything" (H2).

Community members also felt that decisions were being made with less consideration for the social and economic impacts associated with their decisions. A leader of a community organization in Quesnel stated, "decisions related to the local forestry sector are moving away from the community... Decisions are made in boardrooms with greater consideration for profit margins and the decisions being made are made in different ways" (Q10). A leader of a community organization in Houston stated:

In the corporate world where decisions are made based on maximizing value for shareholders, we need to protect that idea that [forestry] is about more than just profit. We always need to be cognizant of this and need to thank companies help them remember their roots. (Q14)

Most felt that corporate decision-makers were less concerned for the local impacts of their decisions because they have little in common with community members. As such, company decision-makers may find it hard to empathize with "guys in the bush" because they many have little experience within mills or logging (M7). Many community
members felt that in the past, local management gave greater consideration to the implications of various decisions and policies because they had more in common with the community members. A forestry worker from Houston stated:

Locally owned mills have personal relationships with the town, corporations do not live here so they do not have the same values as communities... When you had local owners, people were promoted from within and came from the community. As a result, most company people had real ties to the community. (H11)

Mill managers and other company employees agreed that the decision-making framework is different from the past. Decisions now have to pass through greater bureaucracy. As one interviewee stated, “[with bigger companies] there was more bureaucracy in some ways and finances tightened up. Some times it worked better, some times it did not” (H3). A forestry worker from Houston stated:

The culture of, and basis for, decision-making changes in public companies. There is more bureaucracy to deal with when making decisions. Also there are different frameworks for making decisions. You have less ability to make decisions [regarding] local issues. However, you still make decisions on what is best for the firm. (H4)

Communities felt that as corporate policies changed over time, so did the types of decisions made by local managers. These changes were attributed to the adoption of a more formal decision-making structure. As such, local managers no longer had the latitude with regards to running the local mill that they once held. A former forestry worker in Quesnel outlined how changes to decision-making were illustrated by company dealings surrounding forestry policy:

It was not immediately noticeable that local decision-making changed in companies. Companies here were big businesses to start with [but in the past] local managers could bend rules locally. However, as [time passed], and companies grew, up [local management] could not bend as much and the Ministry

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could not bend as much. This was a little foreign to everyone because for years as long as the money flowed down south we could do what we wanted. (Q19)

Mill managers disagreed that publically held companies had less consideration for community issues. They felt that shareholders played a small role in shaping company policy. Corporate policy was seen as being determined by corporate managers, much like it had been with privately held companies. For example, a mill manager in Houston asserted that upper management has always decided how companies operate:

Shareholder profits are one thing influencing relationships but it is really linked to those in charge. Relationships [with the community are] not really driven by shareholders as upper management decides how to pursue shareholder value and profit. (H13)

Changes to corporate command-and-control structures and the operating environment of forestry companies support the finding that local mill managers have not lost the ability to make decisions, rather they have greater responsibility for the profitability of mills. This responsibility, combined with a changed operating environment, in part explains why local managers allocate fewer resources to community initiatives and organizations. While the power to make decisions may not have moved out of the community, local decision-makers are unable to allocate resources commensurate with past levels because profitability is harder to achieve today.

7.3. Forestry policy and the social contract

The loss of appurtenancy, which tied specific volumes of logs to local processing facilities and required public review for mill shutdowns, was identified as the most important policy change for forestry towns. Forestry workers and local leaders felt that
this change effectively ended the 'social contract' established during Fordism. Many saw this as undermining the stability and viability of forestry-dependent communities throughout the province. Conversely, local managers felt that the loss of appurtenancy had little to do with the issues facing communities. Rather it was a symbolic change which represented the need for flexibility within BC's forestry sector.

Community members felt that the loss of appurtenancy played a key role in contributing to increased vulnerability and decreased viability of forestry-dependent economies. The loss of appurtenancy was identified as playing a crucial role in changing the geography of production in the Interior. Those in Houston and Quesnel felt their communities would benefit because local mills were highly efficient. The reason commonly given was that “the loss of appurtenancy has not been an issue because of the efficiency of local mills” (Q21). Local management felt that Quesnel is uniquely positioned to take advantage of the removal of appurtenancy:

The forestry policy framework has changed over time. It is far too complex to identify individual changes that have affected community-company relationships. However, the loss of appurtenancy was a big change for forestry communities. In the case of Quesnel it may turn out to be an advantage because we have the ability and infrastructure to become a super centre for milling. (Q22)

Perhaps not surprisingly the loss of appurtenancy was found to be most troubling in Mackenzie. There was an overwhelming sense that the shuttered mills would not be able to reopen, or that start-up would be delayed, once local logs were redirected to mills in Prince George. There was concern that once logs started moving south to be processed there would be fewer incentives for companies to reopen local mills. A Mackenzie union leader provided an example of the impact of removing appurtenancy on the relationship between local timber and jobs:
The biggest change in terms of policy with respect to this community, and the reason the community shutdown, was the removal of appurtenance clause. There is no longer a tie between community and logs for [the purpose of] employment. The removal of appurtenance in 2003 pretty much guaranteed the demise of small communities in rural BC.

We did not see the change right away but if you drive out to the old FFI mill they logged all along it beside the road and in the mill yard. And all of those logs were shipped to Quesnel, and they were logged right beside the mill in the log yard... The loss of appurtenancy was the biggest devastation and betrayal to the 250 communities. (M6)

These sentiments are not surprising when one considers the origin of appurtenancy during Fordism. Appurtenance clauses were created to appease organized labour and forestry communities as sustained yield policy directly equated community stability with the continued processing of timber. As the first Sloan Commission (1945, p. 127) outlined (quoted in Prudham, 2007, p. 265), “sustained yield policy has, as an objective, the maintenance of forest cover and growth, thus ensuring a perpetual supply of raw material for forest industries with consequent stability of industrial communities and assurance of permanent payrolls.” There is the growing sense that government is placing more emphasis on sustaining industry than communities. Given the trends in production since the 1980s, this will be devastating for most forestry communities in the Interior.

Local mill managers felt that the removal of appurtenancy is playing a key role in reshaping the economic geography of the Interior for the better. The removal of appurtenancy allowed companies to close inefficient mills throughout the province and focus on investing in, and operating, efficient mills in advantageous locations. There was the feeling that positive and negative impacts associated with the removal of appurtenancy will further marginalize communities with small, inefficient mills. A mill
manager in Quesnel indicated that the social and economic impacts of removing appurtenance clauses are highly uneven:

There is also lots of emotion over the issue of exporting raw logs. People in town are reading about mill closures around the province. You need to realize that some companies are going to fare better than others and some locations are going to fare better than others. (Q23)

Companies felt the fear of a radical remapping of regional production and settlement were overstated. A forestry worker provided a unique perspective stating that the removal of appurtenance did not represent a significant change for companies. This interviewee asserted that forestry companies have always moved timber "where it made economic sense to process them" (Q6) and while some mills may shutdown as a result, the cost of transporting timber will play a large role in mediating the closure of a large number of mills. Similarly, Nelson et al. (2006) and Haley and Nelson (2006) found that companies viewed the removal of appurtenancy as an indication that it was politically acceptable to close mills and rationalize operations, as this policy had never been strictly enforced. While a number of smaller mills adjacent to larger supermills may close as a result, the fear that most of the processing in the Interior will eventually occur in a few regional processing centres like Prince George, Vanderhoof, Quesnel, and Houston is unlikely because of space:

I think that appurtenancy was overrated. It was more of a myth than a reality. Logs in this province were always processed where it made economic sense to process them. I don't think that doing away with appurtenancy changed much. As far as what the future holds, in that regard, I think that you are seeing some of that when you look around the region. It is tempered by transportation costs because logs are heavy and expensive to move around so you can only move them so far. I think a good example is West Fraser recently bought a mill and a forest licence in Fort St. James. You are never going to see that mill operate again. The logs are going to be processed in Fraser Lake.
But how much of that is going to go on [shrugs shoulders]? I don’t think that you are going to see logs moving too far. It is way more efficient to move lumber than logs… you certainly hear this concept that the “supermills” are going to be hubs and you are going to have the West Fraser mill here and the Canfor mill in Vanderhoof and the big mills in Prince George and Houston… I don’t really know. But heaven help you if you are in Fort St. James or McBride where there is nothing… Anyways, time will tell. (Q6)

For communities, appurtenancy should have been re-tooled instead of eliminated. Many felt, “the loss of appurtenancy effectively ended the social contract between forestry companies and communities” (Q21) because companies no longer have formal obligations to communities vis-à-vis the provision of stable employment. Almost all community members indicated that the tenets of the social contract established in the 1950s were still applicable and required today, perhaps more than ever. Government intervention and oversight regarding employment is still required in the forestry sector to ensure that companies address community well-being. As a former mill manager from Houston stated:

Loss of appurtenancy will drive a change in the shape of the north. There should have been a middle ground between what was and what is. It is the people’s timber, companies have to make some sort of commitment to the people. Policy really needs to try to get the best of both worlds: economies of scale in some areas and offshoot industries in others. There are so many social issues related to forestry, government needs to address these issues…. You cannot look at community-company relationships in isolation from the role of the provincial government and how supportive they are of the industry and the community. The strength of the relationship is related to the viability of the company, amongst other things. It is not just the markets that influence [relationships], it is also influenced by government policy. (H13)

Local mill managers and company employees agreed that the loss of appurtenancy has impacted forestry communities, but insisted that the change was necessary for ensuring a vital forestry sector. Most mill managers felt that forestry
companies need to be unencumbered by geographical commitments to defined mills. From their perspective, companies need to be able to maximize efficiency by processing timber where it makes the most economic sense. Local managers were not indifferent to the community implications of this change; however, it was necessary to maintain a competitive edge in global markets. Most dismissed the notion that changes to appurtenancy had an impact on the current hardships facing forestry communities. A former mill manager in Houston outlined changes associated with, and the reasons for, removal of appurtenance:

The relationships with the community changed when the tenure changes in the early 2000s with the loss of appurtenancy and there was no need for public review for mill shutdowns. You used to have to get permission of the minister. New tenure policy has damaged the relationship. Shutdowns used to be subject to public review by the Ministry of Forests and the logs used to be tied to the mill. New government policy drove that change. However, the change is not necessarily bad. Logs need to go where the most value will be extracted. Public perception is that loss of appurtenancy caused this recent crisis. It was related to other factors. Tenure reform did not contribute to the situation facing the forestry sector today. (H17)

Mill managers and government employees felt that changes to appurtenancy were only one piece of larger changes to forestry policy undertaken by the provincial government. These interviewees indicated that the forestry policy framework had changed in order to better accommodate the needs of capital and government revenues. Many of these interviewees attributed this shift with policies established by the BC Liberal government. As a leader of a community organization in Quesnel stated:

In terms of a general forest policy framework, the Liberals went towards direct tax revenues. There were major cuts to the Forestry Sector. [The BC Liberals] then told [the Ministry of Forests] to concentrate on larger sales that impacted revenue. This removed incentive to create smaller sales for small operators. Forestry policy is now primarily concerned with bids, no other values are considered. If those other values are not being taken into consideration then it is
in the best interests of large forest companies not to allow their land base to be used by small operators. We lost diversity in the forestry sector as a result... The last thing it would do is “diss” the forestry companies because they provide thousands of high-paying jobs, but there is always a cost. (Q10)

7.4. Conclusion

This chapter outlined how consolidation within the northern Interior’s forestry sector increased the size of forestry companies, which changed community-company interaction. Threats to profitability drove companies to rationalize operations, achieve economies of scale, integrate fiber usage, and amass timber rights. For communities, rationalization increased uncertainty. Indeed, uncertainty has replaced stability within the study communities. The key implication of increased competition and globalization has been reduced consideration of the community-level impacts of corporate decision-making. Concentration of the sector has also limited the leverage of communities over companies when negotiating concessions or contracts. As local mills mattered less to the survival of individual companies and the operating environment became more complex, local issues and concerns held less sway. A combination of increased distance between corporate decision-makers and communities, decreased profitability within the sector, and a different corporate operating environment explain changes to community company-relationships.

This chapter also outlined the important position occupied by local managers within communities. Although local management is located at the bottom of the corporate hierarchy, they play critical roles within forestry-dependent communities and are the local ‘face’ of the company. They are important sources of human and financial capital.
As such, changes to the roles and responsibilities of local management have profound implications for community functioning, trust, and local perceptions of the company. Changes to the responsibilities and credentials of local management, aimed at increasing economic efficiency, have been detrimental to community trust and capacity.

Finally, while removal of appurtenance clauses represent a change to how companies operate, for communities it represents a symbolic change in how the provincial government and forestry companies viewed their obligations to rural communities. Companies felt that the removal of appurtenance marked the government’s tacit approval to address the economic health of operations before considering social responsibilities. Communities felt that government has relieved companies of many formal responsibilities that were part of forestry’s social contract during Fordism, while accentuating uneven development within the region. For communities, flexibility of policy has enshrined the primacy of private economic considerations at the expense of local economic and social considerations.
Chapter 8: Discussion of Findings

This chapter discusses the research findings about how and why community-company relationships have changed over time in relation to the current literature. Relationships were explored at the community-level because: 1) forestry companies are key actors in forestry-dependent communities; 2) rural BC is undergoing economic restructuring that has eroded community stability; and 3) the adoption of neo-liberal policy has redefined relationships between the provincial government, forestry companies, and communities.

This chapter is divided into two sections that answer the dissertation’s research questions. The first section examines the types of relationships adopted by forestry companies when engaging communities. The findings suggest there were two broad approaches to relationships. The first was institutionalized paternalism, which coincided with the period of Fordist industrial development. During this period, companies and government played central roles within communities. The second approach began with the 1980s recession that spurred consolidation and accelerating change within the regional sector and marked the beginning of retrenchment of company involvement within communities. In Chapters 5 through 7, I argued that companies increasingly focused on ratcheting up productivity and subjecting decisions and actions to a narrow economic calculus while remaining indirectly involved in those aspects of community life that impacted profitability.
The second section explores why community-company relationships have changed over time. The results suggest that companies establish such relationships based on the operating environment, the quality of the resource base, and requirements by government. A close reading of local histories and the struggles associated with the most recent recession suggest that relationships were never enacted in 'ideal' ways. Rather, change was contested locally and new relationships had to contend with established practices and institutions. From the community perspective, past relationships have provided assets and presented barriers to economic restructuring. However, I suggest that these findings underscore that government, companies, and communities each have roles and responsibilities to address future regional development plans and initiatives.

8.1. Historically, what types of relationships have forestry companies adopted when engaging forestry-dependent communities?

My research indicated that forestry companies have adopted different approaches to communities over time. These findings confirm and expand upon the resource town literature. Analysis revealed that relationships were never dictated to communities. At the local level community members played, and continue to play, an active role in negotiating local relationships with companies. Relationships are also shaped by the continuous interaction between global markets, provincial policy, company policy and behaviour, resource dynamics, community characteristics, and local histories.

Two different approaches characterized community-company relationships over time: (1) Fordism and institutionalized paternalism and (2) restructuring and the 1980s recession. Each approach was characterized by institutional arrangements between companies, government, labour, and communities. This section outlines the nature of
relationships within each period and situates them within the resource town, economic geography, and regional development literatures.

From the 1950s until the mid-1970s, government and forestry companies adopted a paternalistic institutional arrangement towards forestry communities (Prudham, 2008a). Much of our understanding of this period comes from seminal works on Canadian resource towns (e.g. Lucas, 1971; Robinson, 1962; Siemens, 1970). These studies largely described socioeconomic conditions within communities or focused on different planning initiatives aimed at addressing longstanding issues in resource towns (Pressman & Lauder, 1978; Teitelbaum et al., 2003). Research on BC forestry-dependent communities during this period outlined how companies and the provincial government took a central role in both forest management and community life. Community members and mill managers confirmed that companies were closely involved in community governance, including service and infrastructure provision, as well as local decision-making.

My work also confirms that company involvement in the community was always utilized as a strategy to attract and retain labour to ensure that investments were profitable. The post-war boom in forestry was driven by a global need for resources related to reconstruction efforts, unleashed demand for consumer products, and the closure of various low-cost resource producers (Bowles, 1982; Bradbury, 1978; Haley & Nelson, 2006; Wallace & Shields, 1997). These factors created new, robust markets for forestry products that remained strong into the 1960s (Edgell, 1987; Hak, 2007).

The paternalist era played an important role in shaping community capacities, expectations, and resources, and supported a number of long-standing, deeply entrenched institutions. Fordist institutions were viewed as rigid obstacles that governments and
companies would later try to overcome when dealing with economic restructuring (Harvey, 1990). Hayter, Grass, and Barnes (1994, p. 28) outline how various social and institutional relations became entrenched within BC’s forestry communities during Fordism:

... the social and institutional relations that sustained Fordist labour control had become so entrenched that they were very difficult to shift in any fundamental way. In many ways this is understandable. The resilience of the established class bargain was rooted in its very success over a long period of time, representing as it did the evolving complexity of labour relations agreements, the inertia of institutional structures in which so much had been invested, and, by no means least, a consensus over legal agreements that had been reached. That is, once the control of labour was embedded in these complex social and institutional relationships, it was very difficult to dislodge them.

Companies were closely involved in infrastructure and service provision throughout this period (Quark, 2007). Similar to research by Bowles (1982) and Lucas (1971), I found that functioning communities with amenities, infrastructure, housing, retail services, and municipal services were used as a tool to attract and retain workers and their families. The findings also indicate that during Fordism companies viewed communities as assets to help facilitate production and the accumulation of capital.

Although the extent of company involvement varied by community, paternalistic relationships had important implications for the physical and social structures of each community (Bradbury & St-Martin, 1983). Companies were involved in developing infrastructure and providing housing. With regards to services, they hosted or supported community events, organizations, and guided community decision-making. In Houston and Mackenzie, for example, companies were responsible for developing community infrastructure such as housing, recreational facilities, and retail services (Halseth & Sullivan, 2002; Hols, 1999; Veemes, 1985). In Quesnel, a number of different companies
were responsible for contributing to, and developing, individual projects throughout the community. Here, companies played a smaller role in infrastructure provision, relative to Houston and Mackenzie, in part because the local forestry sector evolved slowly out of the ‘bush-mill’ era. In Houston and Mackenzie, there was extensive company involvement because of the capital invested to develop large forestry complexes. Cox and Mair (1988, p. 308) note that involvement is a result of risk associated with investment, “the firm with geographically limited built environment investments is therefore dependent upon the health of a particular local economy”.

Regarding the provision of services, this study found that companies were directly involved in planning and funding services. Involvement was a response to the absence or inadequacy of certain services required by companies or the labour force. Mill managers indicated that companies were involved in service provision so that they could ensure access to services that were necessary for the operation of the mills or to justify further investment.

Worker and community attitudes were influenced by paternalistic relationships. In each community, interviewees indicated their identities were rooted in being members of a ‘forestry town’, ‘company town’, or ‘mill town’. This had important implications for the functioning and nature of each community. As research has suggested, resource town culture is shaped by local institutions such as mills and unions (Cottell, 1974; Lee et al., 1990; Machlis & Force, 1990; Preston et al., 1997), external cycles and fluctuations (Bradbury, 1984), and group cohesiveness shaped by isolation (Robin, 1978). In resource towns, work has a particularly important impact on community culture and shapes various aspects of daily life. As Tomlinson (1988; quoted in Belshaw, 2002, p. 9) found:
We can no longer treat 'culture' as some peripheral music-making or worship marked off from the more influential spheres of the 'political' or the 'economic'. Rather, to speak of working-class culture is to speak of the relation between these spheres, and of the ways in which these spheres are joined together to make a distinctive way of life.

For the study communities, forestry culture plays an important role in planning, participation, involvement, and individual attitudes and ideologies within the communities. Similarly, Reed (2003, p. 53) indicates that being part of a forestry-dependent community influences, "economic forms of organization, power relations, gender dynamics, material artifacts, religion, and language... [as well as] particular values and beliefs". Kusel (2003) asserts that forest-dependence plays an important role in shaping local culture through the development of unique traditions, behaviours, and perceptions.

Local culture was created and reinforced by the organization of the forestry sector at local and extra-local scales. Global and local forces played important roles in shaping the perceptions of communities and how they functioned. For instance, workplace culture and managerialism served to reinforce the importance of management in making decisions regarding what was best for local operations and the community. This occurred in part because each mill's labour force constituted a large portion of the community (Preston et al., 1997). This is consistent with the resource town literature which highlights how the availability of well-paid mill jobs were responsible for curbing worker initiative, the development of local leadership, and the growth of a local entrepreneurial culture (Barnes, 2005; Barnes et al., 2001; Beckley, 2000; Beckley & Krogman, 2002; Cramer et al., 1993; Gale & Gale, 2006; Markey et al., 2006). Similarly, research
indicates that youth outmigration contributed to engraining attitudes and culture in resource-based communities (O’Connor, 1987).

Paternalism had a lasting impact on shaping community planning and limiting entrepreneurial activity. Under paternalism, many communities failed to develop “factors that contribute to community sustainability, such as volunteerism, entrepreneurship, and local leadership, [are] lacking, a deficiency in part due to the legacy of paternalistic corporate control” (Teitelbaum et al., 2003, p. 172). Paternalism meant that important decisions regarding the community and workers were dictated from outside actors, effectively curtailing the development of a local entrepreneurial class (Barnes et al., 2001). The dependence of local decision-makers on extra-local elites for capital, expertise, and direction was also responsible for creating a local climate that was not conducive to establishing an independent local entrepreneurial class (Gunton, 2003). The local entrepreneurs that did emerge within forestry-dependent communities tended to focus on servicing staples industries. More specifically, my research found that local business communities throughout this period were specialized in supporting industrial operations. However, support and service opportunities were somewhat limited to local entrepreneurs as branch-plant operations, such as Finning Tractor, opened to supply mills.

Within the study communities, the absence of local entrepreneurs and dependence of local leadership curbed community ability to lessen, or transition from, forest industry dependence (Freudenberg, 1992; Hayter, 2000a). In terms of local development, managerialism created a culture of reactive rather than proactive planning. This remains a pressing issue because community culture continues to support industrial forestry and
local economic development strategies remain focused upon resource development, despite ample evidence from around the province that this may be increasingly perilous (Stefanick, 2001).

Local entrepreneurs and independent local leadership are important in creating a culture of proactive planning. Bryden and Munro (2001, p. 115) found that local entrepreneurs within peripheral regions play an important role in the "commoditization" of local assets such as culture, environment, and landscapes. The economic opportunities derived from entrepreneurial activity are an important component of local economic development that should be supported by companies and communities (Jakobsen et al., 2005; MacKendrick & Parkins, 2004; Sommers & Birss, 1991).

Attitudes regarding 'acceptable' employment also discouraged diversification of the local economy. These attitudes were also a legacy of paternalistic relationships. Communities often viewed the forest industry (particularly manufacturing) salaries, benefits, and working conditions as acceptable forms of employment, eschewing other types of industries and employment. These attitudes often limited further education or skills training amongst youth and forestry workers. Different service sector businesses also had difficulty attracting and retaining labour because of these local conditions. High wages and benefits provided by resource industries hampered the growth of other industries and local businesses because they were the standard against which all new economic activities were evaluated, reflecting research elsewhere (Hayter et al., 1994; MacKendrick & Parkins, 2004; Polèse & Shearmur, 2002; Slack et al., 2003).

Community-company relationships also played an important role in shaping the character of each community. Mills play a key role in socializing a particular discipline
of space and time that shapes community life within and beyond the mill (Norcliffe, 2005). Outside of the workplace, the communities were influenced by the actions, policies, and decisions of individual forestry companies and macro-level trends within the forestry sector. For instance, hiring practices and high wages contribute to low levels of educational attainment (Beckley, 2000) and shift-work impacts social isolation, constrains employment opportunities for women, and affects household management issues (Preston et al., 2000). Similarly, Kruger and Sturtevant (2003, p. 30) found that forestry institutions and conventions shape the rhythm of everyday life within communities:

Social relations in rural communities are anchored to the political economy of their particular place. Identity is maintained through memory, tradition, and reputation; this historical sense of place provides the foundation for values and commitments. Booms and busts, political confrontations, and compliance, while registered in official records, also are registered in cultural products, institutions, and everyday decisions.

Community expectations regarding company involvement and obligations were also shaped by paternalism. Interviewees frequently used this period as a reference point, or benchmark, when referring to acceptable or desirable levels of company involvement, participation, and support. The paternalist era was used as a reference point because levels of support were generally higher and more diverse than are current levels of support. For example, companies were considered to be good corporate citizens if they provided levels of support commensurate with this period. Companies that do not meet these levels consistently are considered to have poorer relationships and are viewed as being less committed to the community.
However, few community members or company personnel indicated that they wished to return to paternalistic relationships. Indeed, there has been a struggle within communities to resist paternalism and limit the influence of companies over time. Community members indicated that several aspects of paternalism were undesirable. Most notably, during Fordism companies played too large a role in community governance. From the company perspective, managers indicated the demands of paternalism placed a heavy burden on company resources, straining their ability to focus on productivity and profitability (Hayter, 2000b).

Practices and relationships established throughout Fordism were deeply engrained within communities. This finding is consistent with the resource town literature, which indicates the durability of these practices and relationships is related to the wealth and prosperity they garnered for communities, forestry workers, and companies (Cashore et al., 2001; Hayter, 2004a; Preston et al., 1997; Young & Matthews, 2007). In this study, one of the most durable institutions associated with paternalism was curbed entrepreneurialism and the restricted approach to local economic development. A community vision for local economic development was hard to separate from that of large-scale industrial forestry. The boom-bust cycle conditioned many community members to believe that downturns were temporary, solidifying resistance to change (Bradbury, 1984; Hassink, 2010). This is supported by the resource town literature, which indicates prosperity has limited community incentive to actively pursue diversification (Travers, 1993). Moreover, success of resource development encouraged communities to embrace strategies committed to specialization of the local economy (Markey et al., 2005; Polèse & Shearmur, 2006) making the Interior prone to regional 'lock-in' (Hassink,
Finally, stability throughout Fordism encouraged communities to remain supportive of resource industries and to continue fostering productivist local economies (Barnes et al., 2001).

With regards to local power relations, my research indicates the top-down ‘command-and-control’ structure established during this period of time has played an important role in shaping community-company relationships over time. This structure established a culture of dependence in the study communities. Forestry companies wield considerable power locally and influence many different aspects of community life within and beyond the workplace (Wilson, 2004). Bradbury (1978, p. 129) also noted that direct and indirect control exerted by companies over communities is perhaps one of the most defining aspects of resource-dependent communities:

Corporate control in the single enterprise communities attached to mines and mills remained a significant factor in their make-up. Their continued dominance by large and increasingly multinational corporations meant that they were subordinate and beholden to decisions made by those corporations and their executive staffs, not only at the local level but in major metropolitan centres such as New York, Toronto and Tokyo. The granting of local government and the enfranchisement of the workforce, which were meant to decrease corporate paternalism of resource-based communities, generally served to change the focus of the dependence on the companies: the costs of developing housing and physical infrastructure were transferred from the companies to the town residents, and the responsibility of running the town was transferred to the local municipal government. In addition, the corporations, whether or not they desired it, still maintained a form of control over growth, viability and longevity of the communities by virtue of their control of housing stocks, development of land, their influence on municipal councils, and their hold over the major source of income of the workforce.

The unequal distribution of power between companies and communities created a legacy of reliance and dependence that became deeply entrenched within community institutions, most notably community governance. Community leaders were generally
concerned with administering services and programs established by companies and the provincial government. This narrow role worked to limit the diversification of local economies. Amin (2005) reported similar findings in a study of UK branch-plant economies where local leaders became heavily reliant on top-down planning, making it hard to plan for diversification during deindustrialization. My research found that while communities disapproved of the power asymmetries embodied within paternalistic relationships, they favoured the ability to negotiate company support and concessions.

Community planning was also visibly impacted by the legacy of top-down managerialism. In each community, companies were responsible for shaping a vision of local economic development centred on forestry (Barnes et al., 2001). Strong support for forestry was championed by local elites with close connections to the sector. Community members supported this vision and model of local economic development, in part, because it provided stability and prosperity for most community members over time. Further, the structure of resource town economies, coupled with settlement and demographic characteristics meant that there were few people within each community who were not directly or indirectly connected to the forest sector.

An important finding was that heavy reliance upon forestry as the primary economic engine was linked to complacency regarding economic diversification. This finding is consistent with research by Markey et al. (2005, p. 57) who found that, "[resource-dependent] communities and regions are passive, dependent players in policy and project development". During this era, communities became dependent upon senior government and corporate actors to provide money and expertise to address problems that did arise (Beckley, 2000; Dunk, 2002; Weller, 1977) leading to a sense of fatalism that
mills will always be around to address issues and provide (Cheshire, 2010). The vision
and power directing development was concentrated in core regions within, and outside of,
BC (Hak, 2007; Hayter et al., 2003; Rajala, 2006). These findings suggest that because of
external control and the complacency it engendered, communities rarely identified
economic diversification as a planning initiative that needed to be actively pursued.

Local managers played a large role within communities during Fordism. In each
community, local managers and key company employees were closely involved in
municipal governance, service provision, and community affairs. Motivation for
community involvement was related to necessity and to ensure that large capital
investments were profitable. Managers were also involved in municipal governance
because they comprised a small group of residents with the requisite skill-sets and
expertise to administer community functions. In the case of Mackenzie, early mill
managers and company employees were often the only residents who remained in the
community for any length of time because of high turnover rates (Baptie, 1975).
Involvement in municipal governance was also to ensure profitability of local operations
by securing the provision of adequate services and to quell community resistance as it
arose.

A limited number of studies have addressed how local managers are involved in
local government or how they carry out company policy within communities (Hayter,
2000b; Marchak, 1983). For example, Hayter (2000b, p. 297) found that local managers’
“decision-making functions ...[were] at the bottom of an international hierarchy, and
largely limited to responsibilities for operational matters and workforce supervision”.
Bradbury (1977, p. 84) noted that local managers changed with the entrance of extra-
local capital because, "the indigenous management and the family controlled executive structure were deposed and replaced by a locally based management which in turn was subordinate to the decisions makers of parent companies". Indeed, in terms of the corporate hierarchy, production managers occupy the lowest position in terms of authority, pay, and status (Leyshon, 2011). However, an important finding from my research was that from the community perspective, local managers hold an important status and assumed many key responsibilities and leadership positions outside of production.

Managers and owners from this period were often envisaged as 'town fathers' with decision-making autonomy. Community members enumerated the range of community organizations, events, and infrastructure supported by local managers. Furthermore, companies were also viewed as having higher degrees of loyalty or commitment to communities because they provided greater levels of support for communities. However, the analysis indicated that while local managers had the ability to make decisions regarding a broader range of community issues, those decisions were in fact mediated by corporate policies (Marchak, 1983). Triangulation confirmed that community members often equated breadth of responsibility with autonomy. Additionally, local managers during this period were perceived as having greater autonomy because they were directly involved in community issues. However, corporate actors, far removed from communities, delineated the purview and nature of local managerial involvement.

Approaches to community-company relationships began to change with the 1980s recession and they continue to evolve. Economic restructuring marked a shift in the
relationships between government, companies, and communities, which impacted the stability and viability of many rural communities within the province (Markey, 2010). Edgell (1987, pp. 111-112) asserted that the 1980s recession marked a watershed change for forestry-dependent communities, forestry companies, and the provincial economy:

The repercussions that spread through the provincial economy were catastrophic, and as mills closed the foundations of many forestry-based communities evaporated. The post-recession performance of the industry has differed significantly from recoveries following previous periodic downturns... There is a generally emerging consensus that this trend may not be... an aberration from a longer-term historical perspective... and that the decline from the giddy heights of the 1970s is permanent.

Within BC, research on economic restructuring in forestry has focused primarily on the Coast. My research offers unique insight into the nature of economic restructuring in the northern Interior and its implications for communities.

The results demonstrate that economic restructuring marked the beginning of gradual retrenchment of companies within communities. The recessions in the 1980s and 1990s provided the impetus for companies to redefine their relationships with communities. Companies curtailed their involvement outside of production and refocused on productivity to minimize risk and maximize flexibility (Bradbury & St-Martin, 1983). From the perspective of communities, economic restructuring was characterized as pitting 'capital against community' (Bluestone & Harrison, 1982). In terms of involvement, companies addressed uncertainty by reducing financial and human resources appropriated to the community. Flexible production has necessitated investment in new technologies and labour arrangements that reduced the number, stability, and quality of many local jobs (Holmes, 1997; Mackenzie & Norcliffe, 1997;
Preston et al., 1997). This is consistent with Hayter and Barnes’ (1997, p. 196) study of restructuring of the Coastal forestry sector, where:

The re-articulation occurring between mills and their associated communities in British Columbia’s coastal forest economy takes on various dimensions. Most obviously, the transition to flexible production has meant that once dominant companies provide communities with less income from taxes, fewer permanent jobs, fewer spinoffs for local businesses, fewer good-will contributions, and virtual elimination of casual (weekend and summer) employment for high school and university students.

Community-company relationships changed because Fordist institutions became liabilities to capital accumulation. As such, industry and government worked to address instability by reconfiguring policies and practices. Restructuring served to dismantle or modify established relations and institutions. This process has strained communities because under paternalism the requisite skills and resources required to assume these newfound responsibilities were not developed (Halseth, 2010; Page, 1996).

From the perspective of communities, restructuring has weakened relationships and was characterized by company retrenchment. Markey et al. (2008, p. 416) found that, “political and economic restructuring in BC since the 1980s illustrates an overt public and private position of rural community withdrawal”. The literature suggests that company retrenchment was associated with the need to focus on forest management and changing environmental, economic, and political pressures (Wilson, 1998). This research found that within communities withdrawal has been painful and contested. Further, retrenchment has only contributed to increased instability, vulnerability, and uncertainty (Bradbury & St-Martin, 1983).

Companies addressed some uncertainties by re-evaluating their role within communities and withdrawing from many previous commitments in order to reduce costs
and focus on addressing profitability. Companies were no longer directly involved in things such as housing and infrastructure provision, community planning, and decision-making. From the company perspective this approach represented a shift from ‘community oriented’ to ‘lean and mean’. This finding is consistent with trends in the Canadian forestry sector beginning in the late 1970s when companies began, “abdicating responsibilities for community development and well-being” (Beckley, 2000, p. 23).

These trends are also present in other sectors and are part of rural restructuring (Markey, 2010). Quark's (2007) research on rural manufacturing and the relocation of corporate headquarters in the U.S. highlights changing relationships between rural communities and corporations. She found that, beginning in the 1980s, some companies moved to adopt “principles of non-responsibility towards employees and communities by insulating themselves from the moral economies of place that empower communities to make claims on firms” (p. 38). These companies also adopted different relationships and approaches as part of a broader programme aimed at cutting costs and increasing productivity. Similarly, Bradbury and St-Martin (1983, p. 134) note that company withdrawal within resource towns must be critically assessed and should not merely be viewed as “liberal gains for the individual, or positive aspects of the decline of company paternalism”. Rather, one must consider that resource towns are unique places where the economic decisions have immediate implications for the community (Ostry & Davis, 2009).

Within the study communities, as company discourse regarding communities began to shift, so did management’s focus on employment as the firm’s raison d’être. Furthermore, firms began to reframe previously held responsibilities and obligations as
secondary considerations that were now contingent upon market conditions and profitability. Local management placed greater emphasis on the local factors of production that needed to be harnessed to maximize productivity and profitability. This finding fits with Hayter (2000a) and Hayter and Barnes (1997) who found that corporate restructuring increased local management’s responsibility and accountability for profitability and productivity. As local managers accepted greater responsibility for profitability it gave them new priorities, responsibilities, and pressures with which to contend.

A unique contribution of this research was identifying how shifting priorities of local managers impacted forestry-dependent communities and community-company relationships. At the local-level, corporate restructuring was found to change community perceptions of managers, who were seen as having less autonomy. However, my analysis indicated they may actually have more autonomy, but are forced to adopt an increasingly economic logic when making decisions that impact the community. Put differently, after restructuring local managers were increasingly accountable for the profitability and productivity of local operations. Taken within this context, decreasing the provision of capital for community events, organizations, and initiatives can be viewed as a strategy to address mill balance sheets.

A unique finding from my research was that the changed corporate focus had an impact on the requisite skill-sets of local managers. This study revealed that contemporary local managers were hired for their business or university credentials. This marked a shift from previous managers who held experience by working their way up to managerial positions from the forest or shop floor. The earlier managers were generally
held in higher regard within communities because they held many commonalities with workers and their families. Newer managers were seen as having less in common with workers and a limited understanding of the impacts of their decisions on communities.

Drushka's (1985, p. 206) study of forestry restructuring found:

Characteristically, the managers [of the 1940s and 1950s] ... gained their experience of the forest industry, from bush to balance sheet.... Over the past twenty years or so, virtually the entire management structure of forestry corporations has been taken over by a class of professional managers.

The move towards university credentialed managers was driven by the increasingly complex technology that needed to be optimized within sawmills, the difficulty associated with coordinating an expanding number of mills within companies, and the increasingly global nature of markets.

These results also indicate that corporate restructuring impacted the movement and tenure of managers. This is consistent with the resource town literature where managers, skilled-workers, and professionals move to remote, rural communities looking to gain experience (Gill, 1990; Marchak, 1991). However, a unique finding from my study was that the tenure of local managers began decreasing beginning in the 1980s. As such, the turnover of local managers became more frequent as they were moved around to increase productivity. Newer managers with fewer personal relationships within the mill were viewed as being more apt to implement unfavourable decisions to address productivity.

My research found that these practices were undesirable for communities because of reduced community trust in managers and changed relations. Most notably, frequent turnover of local managers was found to adversely affect communication. Analysis
indicated that communication between council and companies lost its personal feel and became more formalized due to the absence of personal relationships. However, these changes, which were instituted to increase mill productivity, were likely somewhat counter-productive as high levels of trust and strong relationships have been found to increase productivity (Boughner, 2009).

Corporate and government restructuring has also reduced the depth of local leadership within communities, making the transition from industrial forestry difficult. The loss of government and company personnel from communities has contributed to the loss of human capital and community leadership capacity. This was evident at the beginning of this research. While preparing lists of key-informants, the same names frequently appeared. While conducting my interviews it was apparent that a large number of leadership roles were being held by a small core group of individuals. Restructuring had eroded leadership capacities within the study communities and placed pressure on remaining leaders (Gill, 1990; Markey et al., 2006; 2010). The loss of even a few individuals from a community has the potential to place significant strain and fatigue on remaining leaders.

Within the literature, job loss is highlighted as one of the key community impacts associated with restructuring (Delcourt & Wilson, 1998; Dunk & Nelson, 1993). The core tenet of community-company relationships throughout Fordism was the provision of stable employment which gave way as companies sought flexibility by closing mills, substituting capital for labour, and modifying labour arrangements (Hayter & Barnes, 1997). The labour shedding throughout this period was permanent as companies sought to address increased competition, a depleting resource base, rising fiber costs, and
changing public attitudes regarding resource use (Porter, 1991). Analysis indicated that this contributed to impersonal relationships and decreased attachment between companies and workers.

These results also indicate that the recession had different impacts on the Interior and Coastal regions of the province. Job loss in the Interior during the 1980s was persistent, but not as severe as on the Coast due to the age of infrastructure, the resource base, and changing markets. Mill modernization projects, particularly within sawmills, have steadily eliminated jobs since the 1960s. Job loss was certainly a concern for the study communities, however, this period was not characterized by the drastic layoffs associated with outright closures for most of the region. Rather, strikes were identified as key events that disrupted work as unions protested restructuring. This fits with empirical studies by Grass and Hayter (1989) and Hayter and Barnes (1992) that found employment losses following the recession were more severe on the Coast.

Throughout the 1990s companies increasingly focused on ratcheting up productivity. During this period, the provincial government adopted policies to encourage investment within the sector and to increase the competitiveness of the industry. For communities, this period was characterized by accelerating change, increased vulnerability, and erosion of resources and support. For companies, instability has prompted them to pressure the province and communities to create a business environment that is attractive for investment and increased competitiveness (BCCC, 2006).

There was also a noticeable shift in regional development models from 'top-down' managerialism to 'bottom-up' entrepreneurialism. Under entrepreneurialism,
communities are expected to move beyond providing services to take control of local economic development. Advocates have argued that this model expands possibilities for community development. However, this shift also expanded the complexity of economic development (Cramer et al., 1993; Martin, 2006; Young, 2006a). Young (2008, p. 28) argues that communities have been left to "find their own ways back into mainstream economies" while government reduced key community services and supports. My results show that under the entrepreneurial model, communities have opted to remain focused on retaining and securing investment in industrial forestry rather than pursuing diversification or embracing a fundamentally different vision of the economy.

Within the context of increasing global competition, the provincial government and communities continually bargained with capital to retain jobs (Lane, 1988). This study found that arrangements between communities and companies are weak and that communities have difficulty striking equitable arrangements with companies because bargaining is increasingly "asymmetrical" (Dicken et al., 1995, p. 42) or "lop-sided" (Peck & Tickell, 1994a, p. 322). Dicken (1994, p. 123) states:

The problem facing the local community, in the global scheme of things, is that it is relatively powerless except in very specific circumstances (for example, where it possesses a unique or scarce resources that gives it some leverage). The idea that the transformations that are occurring in the organization of production systems (notably the growth of network organizations and relationships) will automatically lead to a general enhancement of local economic opportunity and well-being is a pipe dream.

In each study community, bargaining positions were uneven because of relationships of dependence and access to financial and human capital. At this point in time, very few communities possess the requisite resources or leverage to win equitable concessions
from global capital. Indeed, the community members most likely to have such skills are often mill managers (Mascarenhas & Scarce, 2004).

Within the community economic development literature, post-productivist local economic development initiatives are seen as a viable and desirable response to restructuring. The study communities focused development planning and initiatives on maintaining productivism. This is due in part to recent investment by companies in large-scale operations. In Houston and Quesnel, investment in supermills had given the communities a temporary reprieve from the current economic downturn. This stability quelled any sense of urgency regarding economic diversification that exists in other forestry-dependent communities (Teitelbaum et al., 2003). However, as the closure of the mills in Mackenzie illustrated, stability resulting from investment in technology is only ever temporary.

In an effort to maintain productivism, communities have adopted a traditional ‘booster’ approach to economic development. Analysis indicates that communities have adopted local economic development policies that focus on maintaining the status quo (i.e. industrial forestry). This approach has done little to shield communities from the current downturn. Similarly, the literature finds that this approach to economic development fails to develop or market local skills, entrepreneurship, or innovation (Collins & Quark, 2006; Hassink, 2010; Joshi et al., 2000; Kennedy et al., 2001; Mayer, 1994). Opportunities for economic change will not occur if the structures, institutions, and transnational connections that contributed to uneven development are not addressed (Amin, 2005).
When trying to attract and retain industry, communities often had little to bargain with besides tax concessions and lenient regulations. This approach to economic development does not fit with community economic development as it erodes local services and increases taxation for other industrial and residential payers (Bluestone & Harrison, 1982; Hanlon et al., 2007; Joshi et al., 2000; Slack et al., 2003). However, communities were constrained in their options making it hard to resist granting concessions because others were seen as willing to undercut them in what has been characterized as a 'race to the bottom' (Brenner & Theodore, 2002; Warf, 2008). This has encouraged communities to bargain away the benefits of industry, which in-turn hinders diversification and contributes to vulnerability (Lyson, 2006; Norcliffe, 2005; Peck & Tickell, 1994b). Interestingly, there is a growing body of literature that indicates incentives are not effective in determining location decisions and actually contribute to uneven development (Glasmeier, 2000). Incentives offered by communities and governments are not large enough to offset the costs of certain locations. Communities with diversified economies and regional policies aimed at enhancing growth without sacrificing other opportunities are better able to withstand making concessions than single-industry communities (Agnew, 2000; Collins and Quark, 2006).

For the study communities, economic development planning continues to be reactive in nature. Despite recognizing the need for diversification, communities were unable to sustain focus, especially when times are good. This was illustrated in Houston and Quesnel where local mills did not experience shutdowns in the recent recession. However, in Mackenzie economic diversification planning took on a sense of immediacy because of the mill shutdowns. This reactive, ad hoc approach is not likely to be
successful, as development requires longevity, focus, consistency, and stable funding (Clemenson, 1992; Markey, 2005; McTiernan, 1999; Polèse & Shearmur, 2002).

Governments and companies also assert that communities should be the central figures in economic development and regeneration. However, in the context of decreased funding and support, communities do not have the resources needed and lack control of the policy necessary to undertake these tasks effectively. This philosophy ignores inequalities present within BC's core-periphery structure and threatens to further exacerbate longstanding uneven-development throughout the region. Similarly, Amin (2005, p. 622) finds, “the idea of wholesale economic regeneration through community involvement of one form or another is simply unrealistic, and potentially irresponsible, since the latter is rarely a pathway to formal employment or entrepreneurship among the socially excluded”.

Company discourse was an effective tool in shaping how communities viewed changing community-company relationships. This is supported by Bridge and McManus (2000) who found forestry companies waged public campaigns to convince forestry communities and the province that their livelihoods depend upon forestry. In a similar vein, Freudenburg, Wilson, and O’Leary (1998) found company discourse in the United States framed environmental protection as threatening the very survival of timber dependent communities and regions. My research found that company discourse regarding communities, workers, and mills changed to reflect a heightened focus on profitability. Companies adopted the position that it was incumbent upon communities to compete for business. Therefore, communities entered into a bargaining process with companies because capital was perceived to be increasingly mobile.
Companies frequently purported that local concessions needed to be made to avoid relocation or closure of operations (BCCC, 2006). Peck (2000b, p. 146) refers to this strategy as the “tyranny of (potential) capital mobility” where workers and communities are engaged in restructuring processes in an effort to retain competitive and productive local economies. This type of bargaining is possible because capital is perceived to be more mobile than labour or communities; the spectre of flight creates opportunities for capital (Piven, 1995; Warf, 2008). Herod (2001) and Prudham (1998) find that multinational companies are able to use this - real or perceived - threat to leverage communities, labour, and governments to obtain concessions by playing them against one another.

An important finding from my research was that at the local-level company discourse focused on the importance of fostering an appropriate atmosphere for industry. Company discourse depicted changes in relationships at the local scale as being driven by global issues. This strategy is often employed to portray the company as being powerless over decisions, which serves to relinquish them from taking responsibility for their consequences (Dunk, 2002; Stoddart, 2007). In a study of restructuring on the north Coast, Rajala (2006) found that companies associated failing mills with inordinate demands from communities, usually in the form of taxation. Company discourse framed local factors, such as community attitude and approach to industry, as being on par with regional and global factors such as commodity prices, timber costs and availability, international markets, and an appreciating Canadian dollar. For instance, New Skeena CEO Daniel Veniez blamed the failure of the company on the “self-destructive and self-important bright lights of local government” in Terrace (quoted in Rajala, p. 232).
Companies’ discourse with labour also changed. Management increasingly called for union officials and mill workers to raise productivity. Local managers would compare the productivity of local mills to others within the company, the province, and the world (Hayter & Barnes, 1997). As the President of PPWC Local 18 in Mackenzie stated, “more often than not meetings were used to tell us how bad things were and how we would have to tighten our belts at a time when there were record profits at our site” (Kipke, 1994, p. 4). Workers indicated they began to feel pushed to become or remain ‘top quartile’ producers. Phelps and Waley’s (2004) case study of restructuring at Black and Decker found that intracorporate competition is an effective tool for reducing costs and increasing productivity.

In Mackenzie, corporate discourse surrounding the state of the industry coupled with the structure of the local economy shaped community responses to the current economic downturn. Interviewees indicated they needed to adapt, as change in forestry was inevitable and necessary. Tenure, forestry policy, labour arrangements, community demands, and company practices were portrayed as subject to the needs of capital. When workers and communities face threats to the viability of industries they depend upon, and they have few options for recourse, they are more likely to accept strategies forwarded by local management (Smith, 2001).

Corporate discourse has been a powerful and effective agent for change within forestry communities (Rajala, 1993). This strategy was not simply implemented in response to the current downturn. Since the 1980s forestry companies in BC have adapted to the changing public discourse surrounding forestry (Bridge & McManus, 2000). My research found that in the periphery, companies have used discourse to push communities
to identify, create, and exploit various local characteristics to remain competitive for capital. In Quesnel, the municipal council gave West Fraser large tax concessions to secure investment in a new sawmill. In Mackenzie, the community worked with companies and the province during this recent downturn to address outstanding taxes. Municipal council was also called on to lobby the government regarding fiber arrangements to make shuttered mills attractive to investors. Canfor decided to reopen the mill in 2010 when workers accepted pay cuts (almost 30%), council cut property taxes by 25% for three years, and the stumpage for spruce was reduced (Ebner, 2010). In Houston, council worked to cultivate a ‘pro-business culture’ geared towards industrial forestry. This involved addressing the needs of industry as they arose, working with industry to ensure bylaws were not overly restrictive, and alleviating demands on industry during downturns.

The adoption of a neoliberal policy focus by successive provincial governments has served to ‘hollow out’ communities by shifting various responsibilities, including economic development, to local governments (Barnes et al., 2000; Bryden & Munro, 2001; Peck & Tickell, 1994b; Prudham, 2008b). Government has been less willing, or able, to play a direct role in local development which has been characterized as an offloading of responsibilities (Hanlon et al., 2007; Markey et al., 2008). At the same time government required less of companies in terms of their obligations to communities (Burda et al., 1998), which can be seen as part of the BC Liberal party’s strategy to create prime conditions for business and investment (Munro, 2004). Young & Matthews (2007) found these policies could be interpreted as an attempt to free companies from their community obligations. Young (2008, p. 30) and Burda et al. (1998, p. 67) purport that
government policy during this period separated communities and forestry companies to address industry competitiveness, respectively:

Within a few short years, the notion that the role of government was to promote stability and the co-development of rural industry and community has been replaced by the idea that distinct and separate corporate resource and community-based economies are both possible and desirable — that these must be “liberated” from one another so that each may be independently “re-aligned” to the demands of broader economic forces.

Throughout British Columbia, forest-dependent communities are held hostage by their over-reliance on a single corporate employer who, in turn, is driven by the international marketplace to downsize or relocate when supplies run short or rates of return fall below the industry average.... more and more communities are experiencing the vulnerability that results from this, while the industries turn to the province for more timber, more financial assistance, and fewer controls.

Within the study communities, this shift was symbolized by the removal of appurtenance clauses. Community members indicated that appurtenance was symbolic of commitment by the province and companies to provide for communities (Nelson et al., 2006; Prudham, 2008a).

My case study found that companies viewed changes to policy as necessary to ensure efficient operations. A unique finding was that companies have adopted the stance that community issues are now ‘beyond their purview’. However, analysis indicated that companies are still involved in community governance, via their influence over planning initiatives, local taxation, and service provision. Companies are indirectly involved in issues that have the potential to impact profitability or disrupt local operations. However, companies are less willing to assist communities with issues that impact community welfare (Beckley & Reimer, 1999; Lyson, 2006).

Furthermore, despite claiming that they should not have a formal role in community governance, companies pressured communities to work to address issues of
profitability. This meant reduced expenditures, curtailed production, and pressuring contractors to lower costs and modify contracts. Within Mackenzie, companies closed operations and diverted capital and fiber to other operations until the market recovered. Bowles et al. (2002) reported similar findings in their case study of corporate concentration in the Prince George TSA. Research conducted by Zietsma and Vertinsky (2001) and Raizada (1998) found that company involvement in voluntary programs or initiatives is subject to profitability. These studies found that, beginning in the late 1990s, Canfor retreated from various company-led environmental practices when faced with declining profitability. Companies were found to engage in voluntarily initiatives until "there were ... conflicting demands for scarce capital" (Raizada, 1998, p. 252).

Analysis indicated that there has not been a marked shift towards product differentiation or market diversification within local mills. Throughout this period local operations remained focused on the production of dimension lumber and pulp. In terms of solid wood sectors, the availability of beetle killed wood, growth of the US housing market, and an appreciating Canadian dollar entrenched the strategy of high volume production (Woodbridge and Associates, 2009). Mill managers indicated that the current economic downturn has refocused company efforts on the production of core products in which they are globally comparative low cost producers. There has been a tendency for companies to follow the trusted strategy of investing in technology to reduce production costs. In terms of markets, the Interior has continued to rely heavily upon the United States. The quotas established in the 1996 softwood lumber agreement allowed Interior mills to continue exporting lumber to the American market, an option that was not so
available to Coastal mills. John Allan, president of the COFI, (quoted in Hamilton, 2009; para. 4) stated that:

The Interior industry, which makes up the bulk of the province's forestry sector, has been built around delivering two-by-fours to the U.S. housing construction market and despite new initiatives such as bio-energy and new markets in Asia, we are going to have to depend on that (U.S.) market for years to come.

Recent rationalization and consolidation trends within the region, specifically the growth of Canfor and West Fraser, have impacted communities in different ways. In Quesnel, consolidation has served to make the community heavily reliant upon one employer. Contractors indicated that this is undesirable as they have little recourse if issues arise with West Fraser. For Houston and Quesnel, an advantage of consolidation was to create a buffer as local supermills were amongst the most efficient operations within the companies. However, Mackenzie was adversely impacted as lower productivity and declining profitability prompted companies to close mills to conserve capital. Less beetle killed wood meant that forests within the region could also be reserved for future production. This is consistent with trends throughout the region where rationalization has led to the closing of small, inefficient mills in close proximity to large mills and the diversion of fiber to newer efficient mills (Nelson et al., 2006).

From the community perspective, corporate consolidation was seen as contributing to a disconnect between corporate decision-makers and communities. These decision-makers were perceived as having fewer incentives to designate capital for community needs. Indeed, many indicated that they felt corporate decision-makers had little idea of the challenges and issues facing individual communities. Research on community-company relationships in American textile manufacturing communities also
found that corporate consolidation has increased the detachment between communities and corporate decision-makers (Collins & Quark, 2006). This reduced the ability of communities to engage companies in the social economy.

8.2. Why have companies changed their approach to communities over time?

My case study found that community-company relationships changed because companies faced a rapidly changing operating environment. Beginning in the 1980s, reduced profitability due to increased competition, changing public values, increasing volatility in the marketplace, a changing approach of the provincial and federal government, and insecurity over the resource base forced companies to reconfigure production. As Bourne (2000) notes, dependence and vulnerability are likely to become worse due to globalization, the liberalization of trade, increased competition, and a changing resource base.

The most visible implications of globalization for communities were changes to industry structure. Beginning in the 1980s, local sawmills and pulp mills increasingly changed hands. In Mackenzie the community experienced a steady stream of company entrances and exits as mills were bought and sold. The results showed that this contributed to increased detachment between companies and communities (Wilson, 1998). This stemmed from frustration amongst community members who felt their economic fortunes were tied to mills that were geographically isolated from corporate decision-makers. Lethinen et al. (2004, p. 18) notes that mergers and acquisitions have a very tangible effect on the ‘closeness’ of community-company relationships:

The current reorganization has surfaced in cases where new corporations have become connected to mills and communities in distant places of which they have
limited knowledge. From a local viewpoint, historical dependencies between the mill and the community might suddenly have been lost as a result of a merger at the macro-level, which in turn brought new owners with new practices for dealing with employees, unions, local communities, and the environment.

Local forestry companies such as Canfor and West Fraser were also changing as they became increasingly global in terms of their operations by investing heavily in mills located in the American south and across the globe. The fortunes of forestry companies were perceived as being decreasingly linked to the success of individual mills and communities reducing the necessary relations outside of mills. In Houston and Mackenzie, significant investment by the original companies in the mills and community infrastructure gave them a financial interest in the success of the operations and communities until this investment was recovered. In this respect, paternalism was desirable because it gave communities power when negotiating relationships. As noted, globalization and the perceived hyper-mobility of capital has turned the tables on communities, forcing them to bargain away previously held benefits associated with industry. Wilson (1998, p. 31) outlines the different positions occupied by companies and communities when facing risk and uncertainty:

It can be speculated that this transformation in the industry’s approach reflected the increasingly disparate perspectives of companies and their workers in an era of globalism. That is, the developments underlying the string of company exits and entrances … widened the gap in perspectives between ‘rooted’ workers with limited options on one hand, and managers of mobile capital on the other. Forest industry workers based in small communities may be excused for reacting more desperately to threats … than do CEOs and company directors who perceive other options for the pools of capital under their direction.

During the current economic downturn, communities indicated that they increasingly recognized the relationship between global factors and their local
Many pointed out that work has become increasingly temporary and unstable. In Mackenzie, residents were dismayed that profitable local mills did not ensure continued employment. This strategy is not unique to the study communities or forestry, it is true of capitalism. Fixed investment is subject to devaluation over time. Capital is always looking for opportunities to capture future surplus value in other places (Mitchell, 2005). The resource town literature is replete with examples of companies diverting capital generated from a local mill to other operations outside of the community or region (Bates, 2006; Bradbury & St-Martin, 1983; Hayter, 2000b; Leach & Winson, 1999). Over time these mills often become obsolete and are sold and restructured or closed. Companies may also shutdown profitable mills to divert capital to operations with even lower costs (Krogman & Beckley, 2002).

This study also found that accelerated change in forestry companies’ business environment contributed to changes in community-company relationships. Declining profitability forced companies to focus on the local and global processes impacting markets and production. The results indicate companies responded to declining profitability by allocating less time and money to communities. Apsey (2006, pp. 99-101) describes how the changing business environment forced companies to refocus their efforts on addressing encroachment by global competition:

In today’s hypercompetitive, market-driven, globalized world economy of the twenty-first century, it’s hard to recapture the atmosphere of the BC lumber industry in the post-war boom years. In the fifties, there were no marketing departments at wood products companies; there were sales people, to be sure, but their primary task was to “allocate production.” Demand was so great, and supply so comparatively limited, in those days that the problem was to see that customers got their share of two-by-fours, floor joists, and pulp and paper.

By the 1970s, other producers had come into the field and the superheated markets were fading to moderately warm. Sales departments had to go out and
sell.... It was a time when everyone sensed the world was changing... the pace of change was accelerating and its scope was widening...

Another driver of change in community-company relationships was uncertainty regarding the future of the local resource base. Past management practices have forced companies to expand logging operations farther away from mills to secure adequate timber supplies (Marchak, 1995). Currently the MPB outbreak is threatening the stability of local economies, as the availability, quality, and cost of fiber will be adversely impacted. The outbreak has significant implications for the future timber supply and the ability of industry to return to business-as-usual (Patriquin et al., 2007).

Investment by companies in supermills throughout the region was a response to AAC uplifts associated with salvaging economic value from beetle killed wood. This has created a small number of highly efficient sawmilling centres throughout the northern Interior. In Quesnel, the community experienced a temporary boom driven by the availability of large amounts of cheap timber (Nelson, 2007). This is nothing new for the community; Marchak (1991) found that a pine beetle outbreak in the 1980s was also responsible for ramping up production. The sustainability of supermills in Houston and Quesnel was questioned as mill capacities exceed local timber supplies. The results indicate that companies with smaller mills would likely be forced to shut down operations or import fiber.

It is expected that a period of rationalization will occur within the sawmill industry after significant reductions in the wood supply related to the pine beetle outbreak. A report by Woodbridge and Associates (2009) predicts the sawmill sector will become smaller and leaner in the future. It is likely that trends associated with
restructuring will intensify as industry adapts to the impacts of the pine beetle. For forestry-dependent communities, continued rationalization of the industry will likely contribute to increasing uneven development throughout the region as smaller mills are closed. Rationalization is also expected to contribute to increased dependence upon fewer forestry companies. From the company perspective this is undesirable, as they will be increasingly called upon for support and participation within communities and local businesses will have fewer choices regarding contracts, less work, and increased competition from external suppliers.

This research found that government discourse regarding the future of the region's economy has encouraged the maintenance of resource industries. While economic diversification is touted as a preferable local economic development strategy, new opportunities within resource sectors are actively promoted. Analysis indicated that government continues to envision the northern Interior as productive space, dominated by staples extraction. Sustained focus on future bioenergy projects and new mining opportunities encourage continued reliance on resource development. With regards to forestry, government discourse has encouraged continued economic specialization. The promise of new Chinese markets for dimension lumber and pulp have encouraged communities to remain focused on forestry. In effect, this has discouraged economic diversification by curbing the sense of urgency amongst workers and local government officials. As such, new opportunities in mining and forestry remain the cornerstones of many local economic development plans (Nelsen et al., 2010).

An explanation for the continued focus on resource development from the literature is that provincial governments are also 'addicted' to resource revenues
(Clement & Williams, 1997; Gunton, 2003; Markey et al., 2008; Robbins, 1998). My research found that mixed messages from government touting diversification and continued specialization, encouraged communities to focus economic development efforts on new opportunities in resource industries. Analysis further suggests that this is linked to a history of regional and economic development based on resource extraction and processing. Similarly, Bridge and McManus (2000), Burda et al. (1998), Black (1989), and M’Gonigle (1999) assert that the provincial government is resistant to challenge the prevailing industrial forestry framework because of dependence on revenues and the close linkage between economic development and resource exploitation, regardless of their political orientation. Burda et al. (1998, p. 47) indicate that:

Land tenure redistribution, administrative reorganization, and economic redirection... are inconceivable within the current structures of the BC state, whether ruled by a Social Credit, Liberal, or New Democratic administration. State authorities are quite simply too deeply implicated in the forest industry – economically, administratively, technically, and institutionally – to conceive of alternatives outside the status quo [emphasis added].

Declining resource revenues have reduced the government’s ability to assist forestry communities during restructuring (Binkley, 2000). However, this shortfall comes at a time when communities are in greatest need of assistance.

There is an inherent tension between company and community expectations regarding the nature of relationships. This tension is rooted in a ‘social contract’ linking forest utilization to community stability. Communities strongly feel that the forest industry has a responsibility to address employment stability and play a role in community development. Interviewees in this research stressed that changes to how industry operates within communities are not just about the economy; this view is too
narrow. The roles companies assume have implications for the social and economic well-being of communities (Gale & Gale, 2006). Despite restructuring and policy changes aimed at freeing up capital and encouraging international competitiveness, companies remain integral local institutions due to their influence over local economy, rhythm, culture, and governance.

Furthermore, companies continue to rely on communities to play important roles in production. Indeed, Cox and Mair (1988) highlight that despite companies' efforts to eliminate local dependence, it remains a necessity. The case study communities continue to be remote, rural places located adjacent to resources. Local managers and community leaders indicated that well serviced communities play an important role in attracting and retaining workers to rural and remote places. These results indicated that during downturns skilled workers are the first to leave and they are the hardest to attract back. At the time of this writing, companies are struggling to recruit skilled labour back to the region as lumber prices rebound (Hamilton, 2011). Companies attempted to address this in Mackenzie by keeping a core group of skilled labour hired at the mills while laying off production workers. At one of the mills, skilled workers were kept on to patrol the empty mill as security guards. In the case of the Pope and Talbot pulp mill, skilled workers were retained because they were seen as being integral to the salability of the mill.

Analysis indicated there are contradictions between company discourse and actions regarding the importance of communities in production. Company discourse insists that communities place too many demands on capital, making them unattractive places to do business. As such, companies have increased pressure on communities for concessions to increase flexibility. However, forestry companies continue to rely on
communities to fulfil many of their traditional roles. Furthermore, companies continue to play important indirect roles in service planning and provision and various community policies thought to impact operations, suggesting that contrary to discourse, companies and communities continue to rely upon one another.

While industry has been quick to point out that taxation levels between residential and industrial users are disproportionate, nothing was said about impacts of their usage relative to residential users. Companies also fail to acknowledge that the structure of forestry-dependent economies discourages the development of other industries, which might have shouldered the cost of providing local services (Freudenburg & Gramling, 1998; Hessing & Howlett, 1997; Slack et al., 2003; Polèse & Shearmur, 2006). Similarly, Slack et al. (2003) found that tax assessments on resource-based industries are higher in rural remote communities due to the absence of other industrial and commercial ratepayers and the high costs of providing services within these communities.

Besides reduced involvement outside of the mill, companies also adopted a different approach to communities. Communities characterized this new approach as a corporate approach to business. Analysis indicated companies increasingly adopted an economic rationale towards community involvement and dealings with local businesses. An important finding from my research was that local businesses were particularly impacted by this strategy. Certainty and stability were drastically reduced for local retail outlets, contractors, and service businesses as forestry companies moved to become lean and flexible. While community groups and organizations looked to members for funding as corporate donations dried up, local businesses had fewer options. For local businesses, the main issue became how to offset the loss of business in a remote, rural setting.
While industry and government are clearly attempting to generate a fix for the crisis within the forestry sector, there is an urgent need to reassess support for communities. While this research did not find any evidence that a return to top-down paternalism would be beneficial or desired, there was clear evidence that support from government and companies is needed in the form of financing, planning, and infrastructure. This fits with the rural development and restructuring literatures that identify the need to balance company and government support with community independence (Teitelbaum et al., 2003; Halseth et al., 2010).

Communities will require support and resources to transition from, or lessen, staples dependence. They cannot be left to fend for themselves by industry and government. Inadequate support would likely exacerbate relationships and economies of dependence, vulnerability, and disparity. As Amin (2005, p. 630) states, “regeneration cannot be a localist affair or a matter of local responsibility alone, but has to be part of a wider political economy of decentred power and redistributive justice”. This will require government, communities, and companies to enter into new relationships based on support and reciprocity rather than on dependence and reliance.

My research found that productivism is still engrained within forestry-dependent communities and the provincial government. Communities drew upon Fordist relationships and practices because they had been successful for decades. Markey et al. (2005, p. 54) find “the inertia of past practices and relationships continue” to influence local and regional development. This finding differs from MacKinnon and Nelson (2005, p. 42) who suggest that BC’s staples mentality has shifted because of economic restructuring:
The deep recession of the 1980s influenced more than just the way staples industries do business. It also had an impact on the province's staples mentality... In the Lower Mainland core, and in the periphery, there is now a general acknowledgement that staples industries, for a variety of economic and environmental reasons, will and should play a less significant role British Columbia's economic future.

This case study found there is no *widespread* acknowledgement at the community-level that forestry should play a smaller role in local economies. Rather, a few local leaders, entrepreneurs, and mill managers have championed the need for diversification. These voices represented a minority within communities, who struggled against local elites and community members favouring continued reliance on industrial forestry. This has always been the case. Historically, concern regarding the absence of diversification has been limited to industry downturns perceived by many to be temporary in nature. A prominent issue facing local governments involves trying to sustain focus on issues associated with dependence once crises are temporarily abated.

The resource town literature suggests that communities and regions become 'trapped' or 'addicted', implying they cannot overcome the allure of resource industries and that development becomes truncated (Freudenburg, 1992). In the study communities, this fear appears to be well founded. However, it is important to note that staples development does not guarantee the staples trap as governments and communities can work to address risks (Gunton, 2003). Governments should focus on diverting rents back into the regional economy to stimulate growth. If communities can sustain the sense of urgency surrounding this downturn and are supported by companies and governments, they have a unique opportunity to implement change. Investment has provided Houston and Quesnel with time to address dependence. In Mackenzie, a group of residents with
strong ties to the community have identified that they have no wish to leave the community. As the mills are reopened, council will have the support needed to focus on addressing the local economy.

Despite finding that communities have continued to focus on industrial forestry and resource development, a few entrepreneurs and strong local leaders exist within each community. They suggested that a lack of ideas is not the paramount issue hampering growth and change (Hayter, 2000a). Analysis indicated that small businesses faced a number of local and structural constraints that were difficult to overcome without support from all levels of government. In terms of local conditions, local attitudes regarding acceptable wages, the predominance of large industry in local government planning, and inadequate infrastructure were key barriers to the establishment and growth of local businesses (Halseth & Sullivan, 2002; MacKendrick & Parkins, 2004; Polèse & Shearmur, 2002; Walter, 1997).

In terms of structural issues, this study revealed that access to fiber or reliance on a large forestry company for fiber hindered the development and establishment of different forestry and value-added businesses. Individuals interested in starting a business indicated that access to fiber was a key impediment in securing financing and starting up operations. Managers in secondary manufacturing enterprises largely secured their fiber by utilizing free wood wastes from large industrial mills. They indicated that this made it difficult to plan for the future because allocation was contingent upon the price and availability of fiber.

Finally, communities hold fast to the idea that local timber should support local communities. This ideal was rooted in the Sloan Commission and the adoption of
sustained yield (Prudham, 2007). This local institution is as powerful as any other when envisaging the social responsibilities of the forestry sector within BC. My study found that communities actively resist the needs of capital insofar as they go against providing benefit to their community. Companies agreed in principle that timber should benefit the people of BC because it was their timber. However, companies adopted a narrower definition of benefit than communities; usually limited to employment. Industry felt addressing competitiveness would ensure the continuance of forestry jobs in some form, which in turn, would benefit the province.

In many ways the landscape of the northern Interior was specifically configured to support large-scale resource extraction by successive rounds of investment and activity. A constellation of resource-dependent communities was built to house large workforces and the dedicated transportation, power, and municipal infrastructures built for primary manufacturing are a legacy of this economic development vision. Harvey (1978) asserts that capital works to create a landscape, or built environment, that supports accumulation. However, this ‘spatial fix’ is only ever temporary and as a result the landscape must be destroyed and rebuilt with each crisis (Barnes, 2005; Schoenberger, 2004). As Harvey (1978, p. 124) states, “capital builds a physical landscape appropriate to its own condition at a particular moment in time, only to have to destroy it, usually in the course of a crisis, at a subsequent point in time”. The built landscape and institutions have important implications for the regional economy of the northern Interior into the future.

For communities, upgrading of aging transportation, power, and communications infrastructure will be but one post-Fordist requirement. During the development of the region under Fordism, companies moved north to exploit vast, untapped forestry
resources. As such, growth or creation of communities was associated with their location relative to timber stands and mineral deposits. However, the distance from other resource communities, transportation corridors, and urban centres poses obstacles to developing knowledge-based or service economies (Slack et al., 2003). Also, during Fordism companies were able to bear the costs associated with vast distances because of favourable commodity prices and high global demand. Large multinational corporations pursuing economies of scale were able to overcome expansive distances. In a study of restructuring in rural BC, Young (2006a) found that small firms in isolated rural communities did not possess the capital or influence necessary to forge stable networks and movements across vast spaces.

Communities are facing new opportunities as corporations and government have expanded their responsibilities. However, the bounties associated with these new opportunities remain elusive as old power imbalances and approaches to planning, land use, and regulation persist (Hutton, 2002; Young, 2006a). Interviewees advocating diversification and economic change indicated that communities have to stop equating regional and community development with productivism. As Burda and M’Gonigle (1996, p. 51) assert, communities will need to adopt a transformative approach to local economic development that involves looking beyond forestry:

Forestry-oriented CED strategies in British Columbia have largely failed... a community suffering from the effects of resource depletion has little to gain by adopting a strategy aimed at continuing, or accelerating, unsustainable rates of resource utilization by building even bigger [forestry] facilities.

The new economy in rural BC will likely involve a combination of new and traditional industries. Hutton (2002) and Halseth et al. (2010) suggest that regional development will
involve finding the 'appropriate mix' of resource industries and diversification efforts. The competitive advantages that fostered the rapid development of industrial forestry in the region remain. This research suggests that transition to a new economy will be difficult and painful, as the vestiges of Fordism (i.e. institutions, infrastructure, and culture) remain prominent. Given the challenges that are faced by rural communities today, this poses important questions that must be addressed by community, company, and government actors.

Regarding the need for a different approach to regional development, communities have recognized the need for diversification of local forestry sectors, but this has not resulted in action. This has occurred in part because communities have longstanding experience with the forestry sector and are amidst a built landscape dedicated to industrial forestry (Barnes & Hutton, 2009). In this respect, communities have developed expertise in resource industries, as they are located on the front lines of production. Diversification is another matter altogether. As Gertler (2003) points out, a region's institutions, infrastructure, and culture can be an asset or a liability to change. Further, many of the ideas for diversification come from other places (Mackenzie, 1987). For instance, many economic development plans have focused on developing tourist sectors, amenities and, value-added business. While these options may be desirable and viable, they need to be configured and implemented in a way that harnesses the unique aspects of place and fit into a coordinated regional vision.

New industries and continued restructuring of the forestry sector will require a new type of workforce. The literature suggests that this workforce will be highly educated and sought after. The creative economy literature suggests this labour force will
have different demands regarding amenities, lifestyle, and quality-of-life (Florida, 2002). Evidence shows that the new economy has bypassed many places because of its demands for these specific amenities and specialized labour forces (Glasmeier, 2000). These requirements would seem to present an important barrier to isolated resource-dependent communities (Joshi et al., 2000). For instance, Slack et al. (2003) find that isolation and limited employment opportunities make resource-dependent communities less attractive to highly educated individuals. Longstanding outmigration of young people has reinforced lower levels of educational attainment amongst remaining residents. As such, the new economy will require an investment by communities and regions in training and education (Gertler et al., 2000).

Polèse & Shearmur (2006) also identify a number of issues linked with being remote that contribute to higher costs and reduced access to services required by knowledge-based industries. Increased transportation costs have been found to curb the development of new industries and limit service delivery. It has also been found that great distance between entrepreneurs, suppliers, and customers limits face-to-face interaction, which hinders innovation (Drayse, 2010; Gertler et al., 2000). Finally, it may not be possible to substitute for local labour shortages with commuters in many resource towns; some communities are more peripheral than others. This issue was raised throughout the research where both distance and weather conditions limited the viability of commuting into, or out of, communities. As Bourne (2000, p. 95) states:

Nor does it appear likely that the ‘new’ information or knowledge economy will solve many, if any, of the problems of the periphery, at least not for most peripheries. Technological innovations and the communications explosion, for example, do not seem to have reduced the locational disadvantages facing most peripheries, even when the ‘friction of distance’ costs for information distribution are significantly reduced. In fact, these same trends may well have contributed to
a further concentration of wealth and power in the metropolitan areas of the core regions.

Resource dependence undermined communities' efforts to attract investment and a different type of workforce. Diversification was also increasingly difficult as forestry was viewed as a sunset industry. As such, entrepreneurs were unwilling to invest capital in communities because they were perceived to be risky places. A stark example of this was during the current economic downturn, Mackenzie was recognized internationally as a 'dying' town (Faiola, 2008). Local government officials felt this compounded longstanding barriers to attracting and retaining businesses and workers. As Bluestone and Harrison (1982) found, prolonged economic hardship also makes communities unattractive places for investment of any kind.

It is important to note that the physical environment does not determine communities' futures; rather it creates circumstances unique to resource towns in BC's hinterland. Communities, companies, and the provincial government will have to tailor efforts to account for local peculiarities. For instance, the study communities possessed a number of resources including natural amenities, resource endowments, small town life, and commitment to place. However, many communities in the Interior will need to find different ways to utilize these assets to successfully respond to restructuring (Halseth et al., 2010). Further, community members have strong attachments to the community, each other, and the land (England & Brown, 2003; Mackenzie, 1987). Many indicated that both small town and northern life tied them to the region. Attachment to place in the midst of restructuring was an important form of local resistance to the whims and demands of the global economy (Brenner & Theodore, 2002; Norcliffe, 2005). As
community members remain within communities, despite the vagaries associated with the future of the forestry sector, old assumptions about the local economy are slowly being challenged. Furthermore, the small town way of life, northern lifestyles and culture are assets that can be utilized as building-blocks for regional development (Everitt & Gill, 1993; Markey et al., 2006).

The unique characteristics of the region and forestry-dependent communities highlight the need for both provincial and federal governments to assist the development and implementation of a regional strategy for economic development. Government will need to address cuts to services that have accumulated since the 1980s recession and implement a new system of allocating funding to rural and remote settlements (Hanlon & Halseth, 2005; Reed, 2003b). Greater attention to the peculiarities of place is required to provide effective services in the northern Interior (Hanlon et al., 2007). Establishing funding levels based on population may suffice in southern locales where rural settlements are close to service centres (Hessing & Howlett, 1997). However, in the northern Interior, communities are often separated from services by hundreds of kilometres. It is also important to note that drive times can be significantly lengthened in winter. Investment in communities will help attract and retain human and financial capital within the region.

It is important to note that while some communities will experience decline, this does not mean they will necessarily disappear (Polène & Shearmur, 2006). Decline, like growth, is neither good nor bad, but carries with it new challenges associated with the provision of services, decreased municipal revenue, demands on human capital, and clashes with established institutions. The post-Fordism literature indicates that local
expectations and goals need to be recalibrated for current realities. Communities must work to envision a future with a realistic economy and population base. Some communities will experience a drop in population and employment levels relative to those experienced during Fordism. As such, the responsibility of local development initiatives and officers should not necessarily focus on maintaining the status quo, as this may hinder change efforts (Wilson, 2004). Maintaining a population base, labour force, and tax base similar to those held during Fordism will not be possible in many cases. Instead, communities need to determine what type of future is both possible and desirable and work towards self-reliance (Ambard et al., 2005).

The rural and local economic development literatures have found that since the 1980s regional development policy has encouraged communities to compete rather than cooperate with one another for funding and jobs (Cox & Mair, 1988; Kelly & Ilbery, 1995; Warf, 2008). Research suggests that new knowledge economies will require regional cooperation and collaboration (Gertler, 2005; Markey et al., 2006; Schoenberger, 1999; Vodden, 2010) and that state policies play an integral role in shaping regional development (Gertler et al., 2000). Communities that do not have strong local leadership that is willing to cooperate and promote a coherent plan for development are unlikely to succeed in the new economy.

There is still the need for a strong vision of regional development from the province, supported by strategic investment. Provincial governments since the 1950s have reduced support for things like infrastructure throughout the region while continuing to rely on resource revenues (Halseth, 2010; Markey et al., 2008; Stefanick, 2001). New development initiatives require adequate and appropriate infrastructure to succeed
(Halseth et al., 2010; Reed, 2003b) coupled with support for locally owned businesses and entrepreneurship (Varghese et al., 2006). Community services are also required to encourage investment in diversification and to retain a healthy, productive population (Bourne, 2000; Markey, 2010; Ostry & Davis, 2009; Sommers & Birss, 1991). Commenting on the continued need for strong state intervention in forestry-dependent regions, Joshi et al. (2000, p. 315) find:

In all likelihood, the pulp and paper industry, and the forests upon which it depends, will continue to be the backbone of rural Alabama's economy. With adequate environmental protection and appropriate economic and social policy, especially improved investments in human capital, the forest could provide the foundation for the sustainable development of rural Alabama and much of the South.

My study showed that investment by the forestry sector has created temporary shelter within the region. Some communities have experienced erosion of long-term stability because investment has been made in other places, while others have gained temporary stability (Beckley & Krogman, 2002; Lier, 2007). Disparities between communities within the periphery are likely to widen, as investment is concentrated in a few places (Bourne, 2000; Dicken, 1994). This research found that investment has created opportunities for some communities to address diversification. Supermills have given local businesses, workers, and government time to address pressing issues because they are not engaged in economic triage like Mackenzie. Investment was also found to give Houston and Quesnel a greater ability to negotiate community-company relationships. However, this is likely to decline over time as restructuring intensifies within the region and companies redirect financial capital to other regions.
8.3. Conclusion

This thesis explored how and why community-company relationships have changed over time. This research was motivated by changes to the foundations of rural economies that left many rural residents and places facing uncertain futures. Analysis revealed that community-company relationships have changed over time. These data outline different eras of relationships including: institutionalized paternalism that coincided with Fordism, and retrenchment of company involvement beginning with the recessions in the 1980s and 1990s.

Changes to companies' operating environment, the resource base, and formal requirements outlined in policy explain changes to relationships. Communities have struggled as a result of changing relationships and resisted retrenchment and withdrawal with varying degrees of success. While changes where negotiated, they had to contend with local histories of investment, resistance, and the resource base, as well as an increasingly asymmetrical power balance.

My research found that changes to relationships are beginning to challenge many of the old assumptions associated with community stability and resource-dependence. Dissenting voices are growing in numbers with each successive downturn. The old assumption that the survival of local industry will assure the survival of the community is losing credence. As communities evaluate the most recent economic downturn, it is clear that relationships are not reciprocal. More individuals are championing the idea that communities need to move beyond dependence on industrial forestry. Time will tell whether communities can sustain this vision for meaningful change into the future.
Chapter 9: Conclusion

The purpose of this chapter is to consider the contributions and relevance of the key findings of my research. I start by addressing the importance of studying the changing relationships between companies and communities by outlining my personal motivations for undertaking this thesis. I then review how the findings from each research question have contributed to theory. I also elaborate how these contributions are relevant to rural and regional development policy and practice. Some of the limitations of the research methodology are addressed to frame how these findings should be used. Future research projects emerging from the findings and from the recent economic recession will also be examined.

9.1. Personal motivation and importance of the research topic

My interest in this research topic comes from a lifelong interest in rural restructuring. Being born and raised in a rural community in southwestern Manitoba, I spent much of my life unwittingly observing rural restructuring. My childhood was spent around the table listening to family members discuss trends and concepts such as rural depopulation and youth outmigration, fluctuating commodity prices, international trade disputes, transportation subsidies, uneven development, and regional development policy. The physical landscape I lived in was dotted with abandoned farmhouses and towns that
were little more than place names on a map, isolated community halls and curling rinks, and cairns dedicated one room schools; all relics of a different era of rural life. Agricultural restructuring drastically changed the nature of production and the demography of the prairies to the point where it was hard to imagine that 30 years earlier there would have been a family every half-mile.

The changes confronting rural life were almost always framed as being driven by whims of global capital and capitalists far beyond the farm gate. This is perhaps what drew me to the writings of Harold Innis and rural and economic geography in the first place. For me, the economy has never really an abstract entity, but a very real factor in shaping the lives and places surrounding me. Geography provided methods and theoretical lenses well suited to understanding structures and changes occurring at the local level by examining the interplay between locally and globally embedded institutions. Further, economic and rural geography unseated the assumption that the development trajectory and future of rural places are ‘locked-in’ or determined. While there are a number of forces beyond the control of rural communities, there are opportunities to institute meaningful change and resistance. Unseating the sense of fatalism and determinism surrounding rural restructuring through a better understanding of instructions and structures will assist communities, policy makers, and corporate actors forge a different path for rural places.

I chose to study forestry-dependent communities because they provided the unique opportunity to examine how abstract concepts like globalization, neoliberalism, resource cycles, and economic crises were enacted in different places. Resource peripheries are unique because changes have sudden and visible implications due to high
degrees of specialization and vulnerability. The study communities offered a clear example of this. The most vivid example of how resource economies are unique was that long before people were talking about a recession in the rest of the province, forestry-dependent communities were experiencing layoffs, mill shutdowns and curtailments, and economic hardship.

I also chose to examine changing community-company relationships in the periphery because the relationships between capital and community are inherently different from other places; concepts like globalization, restructuring, and neo-liberalism are not abstract in resource towns. Resource-dependent communities, by their very nature, are different than other places. Companies are often the largest and most important local institution as they dominate employment, tax rolls, power structures, infrastructure use, and resources. Companies are also connected to a number of global systems. How they mediate changes in these systems dictates the rhythm and pace of life within communities. As such, how companies decide to engage and interact with these communities matters a great deal to geographers and social scientists and to residents of BC's Interior.

9.2. Research questions and findings

My first research question examined what types of relationships companies have adopted when engaging communities. Companies and communities had varied opinions over what relationships should encompass. The community visions of these relationships are still grounded in Fordist institutions, practices, and approaches that expected companies to be involved in various social and economic aspects of community life.
outside of production. This vision is rooted in the belief that companies have responsibilities outside of production because they are using a public resource and because these activities require the presence of large and skilled labour forces in remote places. Forestry companies remain fundamentally different from other types of businesses because they are key local institutions, especially within remote forestry-dependent communities. In each community, the notion that ‘the business, of business, is business’ does not match the historic or contemporary positions that forestry companies occupy. Further, the limitations of communities imposed by the unique structure of local economies limit the resources communities have on hand to undertake entrepreneurial governance. As such, relationships should involve an element of reciprocity given the reliance that companies and communities have on one another.

Companies take a narrower view. Company perspectives envision relationships as being primarily rooted in ensuring profits and employment within local mills. Involvement outside of these factors is seen as being contingent upon profitability. Evidence suggests that this has always been the case in forestry-dependent communities. However, changes to industry structure that have largely replaced local entrepreneurs with large multi-national forestry companies, coupled with restructuring of forestry policy, have redefined the minimum involvement required of companies. Companies have used the rhetoric of globalization and the realities of economic restructuring as a justification for retrenchment. Policy changes, such as the elimination of appurtenancy requirements, have signalled for companies that government supports the new flexible relationships within the periphery.
Tensions between these views were magnified during the 2008-2010 recession. Companies pulled back from roles and responsibilities within communities at a time when they were needed the most. For the case study communities, this is a new reality. Communities in the Interior are only recently experiencing the drastic economic restructuring impacts that have been occurring on the Coast since the 1980s. For communities, restructuring efforts have worked in different ways to create flexible communities (Barnes et al., 2001). I argue that in the Interior the implications of this type of flexibility were not completely visible until the most recent recession. Most notably, the findings suggest that companies and government increasingly regard communities as a hindrance, rather than necessary component to, profitability.

Relationships have changed as companies and governments withdrew from previously held responsibilities. Companies played a smaller role in community functioning, reduced support for programs and organizations, reduced communication, and pressured communities to consider how they could contribute to increasing profitability. Companies also changed the amount and type of business they did locally. Rationalization programs have eroded local services and placed increased strain on local contractors and businesses. The changing roles and responsibilities of local management often symbolized changing relationships and flexibility as the actions and attitudes of local managers often embody ‘the company’. As such, the changing responsibilities, skill-sets, and tenures of local managers have played an important role in eroding community trust, social capital, and human capital. This is perhaps why the loss of donations, initiatives, and reduced involvement of local management have been so contested in resource towns; the limited avenues for exerting control over local issues and
priorities available to community members are disappearing. The recent recession was a painful reminder to many communities that extra-local issues play a strong role in their future, regardless of the strength of local mills. Despite these changes industry and government have yet to address deep-seated structural issues associated with staple production that underpins the sustained crises in the provincial forestry sector.

Communities have responded to these changes in a number of ways. Houston and Quesnel were temporarily able to resist some of these changes only because of the importance of local mills. While the assumption is that restructuring has empowered community leaders and organizations to create a local vision of development, in reality it has meant ‘doing more with less’. Communities have responded to the calls from industry and government for flexibility by adopting the ‘entrepreneurial’ approach to local development to accommodate industry and capital in hopes of securing a reprieve from job losses and plant closures. In practice this has meant different groups and organizations have taken on many of the risks and responsibilities to remain globally competitive.

The responses of municipal and provincial governments and labour fit with Freudenburg’s (1992) ‘addictive’ economies. Efforts have focused on the retention of industry by lowering the local costs of production and relaxing standards and regulations (Hanink, 2000). It would appear that the decline and disappearance of many resource towns throughout the Interior is inescapable, barring a drastic shift by all of the actors involved.

The second research question addressed the processes driving change in relationships. Changes to how companies engaged communities at the local level were
influenced by a combination of globalization of the forestry sector, consolidation of the Interior forestry sector, corporate restructuring, and changing forestry policy. Several factors unique to the region influenced unique responses to restructuring, including (1) the state of the local resource base and the MPB outbreak, (2) pockets of investment to capitalize on the availability of cheap wood, (3) high levels of technological sophistication and economies of scale within many mills, (4) distance from markets and the remoteness of most settlements, and (5) the willingness of communities to make accommodations for productivity.

Despite facing different forms of restructuring relative to the Coast since the 1980s, the results for many Interior communities have not been different. Although many mills continued producing lumber and pulp much as they had during Fordism, labour shedding, market volatility, mill obsolescence, and economic dependence were present throughout the region. The case study communities indicate that many of these hardships have either been delayed or deployed at a slower pace than on the Coast.

9.3. Policy recommendations

This research examined changing community-company relationships in the forestry sector to determine the nature and impact of restructuring at the local level. The findings show that for the study communities, past relationships with government and companies have shaped their abilities to respond to current challenges. This case study has highlighted the importance of place and history when examining how the intermingling of global and local forces results in unique outcomes.
My findings have highlighted a number of important factors and contributions to the literature, theory, and policy. The post-war landscape of the northern Interior was developed because government had a long-term vision for the region and they committed resources to developing infrastructure. However, it is important to note that change has been a constant in the economies of the northern Interior. Government, companies, and communities were able to transform the region’s economy and landscape following World War II to establish a structured coherence. Post-Fordism will require establishing a strategic vision and coordinating a large number of communities, companies, organizations, and groups (Amin, 1998; Jessop, 1993).

However, policy cannot be developed and prescribed from outside of the region. The Interior needs a coherent vision for the future coupled with investment in appropriate infrastructures (Hutton, 2002, p. 21; Markey et al., 2008). This investment and vision need to be reconciled with uneven development across the region. Different capacities, circumstances, and resources limit the efficacy of a ‘one size fits all’ approach to regional development (Boschma & Martin, 2010; Martin, 2006). The Interior cannot be treated as a static, homogeneous region. It is highly varied in terms of demographics, infrastructure, resources, and local capacities. Policy should be flexible and reflect these differences (Halseth et al., 2004). For example, this research found that in the Interior there was a temporary reprieve from restructuring (until recently) that stopped communities from addressing local development. Most communities and companies did not take cues from the restructuring on the Coast to instigate change. Again, during the most recent recession, energies were focused on supporting forestry companies rather than on
critically assessing local development. These types of discussions need to happen well in advance of mill shutdowns when local councils are involved in economic triage.

This suggests that communities need support and resources in order to be successful, otherwise traditional inequalities that underpin the province's rural periphery will continue towards polarization. The province should coordinate services and policies along with local governments. For communities, the established 'booster' approach where municipal councils rush to attract and retain capital by undercutting other places needs to be re-evaluated. This approach has not allowed communities to retain the full economic and social benefits from industry. Due to the small size of most communities in the region, cooperation to attract and retain entrepreneurs appears to be a potential solution. This is not happening as many are still focused on the 'old economy' and its associated forms of local economic development (Mayer, 1994; Sommers & Birss, 1991). They need to recognize that the economy has changed and so too should their focus (Albert, 2007).

The case of Mackenzie illustrates the limitations of 'bottom-up' local development approaches and the need for greater government involvement in planning. It is unlikely that forestry-dependent communities will ever be able to adequately address long-term development issues. By their very nature resource towns are always dealing with short-term crises. Even the best efforts by the municipal council in Mackenzie were pushed to the side to deal with the crisis gripping the community. Once the mills were re-opened efforts shifted to issues of labour shortages and service provision. Closures also drew down local leadership pools and the human capital that will take a long time to
replenish. All of these issues hinder the ability of communities to sustain the types of long-term local development projects needed to change local economies.

This is related to successive provincial governments viewing the Interior as productive space which funds provincial coffers. In order for regional economies to overcome 'lock-in' there needs to be diversification or an enhancement of the existing economy (Martin & Sunley, 2006). Indeed, political approaches to regions are as important in shaping development as history (Agnew, 2000). Regional economies are not permanent and development potentials are not defined. Government needs to rethink current discourses and restructuring strategies and adopt a transformative vision of a more post-productivist economy that involves moving beyond promoting more of the same and encourages institutional renewal (Burda & M’Gonigle, 1996). Economic development policy needs to address existing, deep-seated structural issues alongside short-term crises (Glasmeier, 2000). This should involve identifying obstacles to renewal, encouraging linkages within and beyond the region, and attracting new entrepreneurs (Boschma & Martin, 2010). Enthusiasm surrounding rebounding lumber markets and new mining developments needs to be parlayed into widespread change, otherwise the next economic crisis in forestry is assured.

Regional development plans need to be informed by a clear understanding of geography and history. A place-based approach to regional economic development that recognizes regional variability is needed (Hutton, 2002). The 'new economy' will be limited in its applicability within much of the Interior, as many successful efforts and projects have occurred in urban centres that exhibit economies of agglomeration (Britton, 1996). Policy should be aimed at assessing and utilizing different local capacities and
resources in conjunction with one another towards a common goal. As the recent recession illustrated, there is a need at the community-level to be engaged in long-term, ongoing economic development planning.

As this study illustrated, communities in the north are not short of ideas or commitment. However, communities do not possess the power or resources necessary to identify and capitalize on emerging opportunities to institute real change. The resources of any one municipal council are unlikely to be sufficient for the task at hand. Fostering learning capacities to capitalize on innovation opportunities is an established need in the Interior. Governments and companies need to be mindful of this fact and reconfigure levels of engagement, as they are key actors within the region (Lane, 1988; Patriquin et al., 2009). Regional collaboration and cooperation would likely contribute to establishing goals and strategies congruent with the region’s resources.

It is not enough for academics and policy makers to recognize that forestry and community well-being are closely linked. Issues of dependence, vulnerability, and truncated development are still prominent within the study communities. Further, the notion that the wealth of firms and regions are linked is flawed (Amin, 1998). These issues are as neglected today as they were in the 1950s. The assumptions that entrepreneurial cultures will develop, and that maturity will be reached in forestry-dependent communities do not hold. Policy should foster local capacities by providing funding and opportunities to develop leadership. A history of corporate paternalism and government managerialism has contributed to restricting the development of local entrepreneurial cultures throughout the region.
My research also found that the current approach by forestry companies and the provincial government is not adequate for assisting communities through restructuring. Forestry companies should play a role in regional economic development, as they are major stakeholders in the process. As major employers and users of the resource base, companies have a vested interest in planning for long-term development of the region. Indeed, this research indicates that local and regional development is well within their purview. Likewise, the provincial government needs to re-evaluate its approach to ‘entrepreneurialism’. The ‘hands-off’ approach to local development, off-loading of services, and funding mechanisms are not suited to many small places, particularly isolated resource-dependent economies. This has only resulted in perpetuating a governance structure that concentrates decision-making power in the hands of local elites which blocks innovation, the growth of local entrepreneurs, and institutional reform and renewal. Further, while the provincial government has selectively transferred some responsibilities, communities still largely lack the power to implement change. The provincial government is clearly still an important actor. This research indicates that some forestry-dependent communities need assistance in formulating local development strategies as the allure of productivism is strong.

Infrastructure investments are needed in many communities throughout the region. Much of the existing infrastructures are relics of Fordism. Investment needs to support the possibility of establishing conditions for the ‘new economy’. Investment in infrastructure and human capital for information technologies, value-added, and service industries needs to be planned and supported. It is in the best interest of companies and government to support initiatives that contribute to stable communities. They have made
substantial investments in the region and it continues to be a valuable source of natural wealth. To allow communities to degrade and weaken not only neglects those investments, but it perpetuates dependence and curbs future development possibilities.

9.4. Limitations and future research

This research was an in-depth, qualitative case study and, therefore, generalizations to other settings should be approached with caution (Wilson, 2004). The case study method allowed me to conduct a detailed analysis of how various global forces combined with the peculiarities of place to shape the relationships between companies and communities. Indeed, this research focused on how the peculiarities of the region and the different communities influenced these external broad forces. Therefore, when speaking of generalization I am referring to the context, time, and place to which the relationships are transferrable (Mayring, 2007). As such, the results of this research are particularly relevant to the context of forestry-dependent communities within BC’s Interior and are unlikely to be generalisable to different contexts (Lincoln & Guba, 2000). Also, I do not expect the concrete events occurring within forestry-dependent communities in BC’s Interior to be generalisable to other contexts. Rather, the structures and forces influencing and shaping these events will likely be found elsewhere (Sayer & Morgan, 1985).

Regarding data collection, I chose to interview local individuals because I was interested in the nature of ‘local-embeddedness’ and the role that local institutions played in shaping relationships with companies in order to better understand the community implications of economic restructuring (Markusen, 1994). Therefore, in terms of
company decision-making my analysis focused on local managers and their interpretations of company motivations. As Nelson et al. (2009, p. 363) indicate, local managers are well positioned to speak to corporate motivations and decision-making:

As [local] managers are in charge of carrying out operations on a daily basis (and indeed their job security is ultimately linked to how well they perform), we anticipated that they would be well qualified to not only identify the salient measures important to senior decision-makers at the firm, but also to provide a relative ranking of these measures.

But it should be noted that local managers have limited access to corporate decision-makers or strategies and must act according to the pressures and constraints of their jobs. Future research could elaborate on the findings from this study by exploring how corporate managers view necessary and contingent relations with communities. This would compliment the findings related to company motivations related to local manager autonomy, investment decisions, community relations, and corporate policies.

The trends and changes identified in this study should also be monitored into the future to determine whether interest in economic diversification and community can be sustained. We are in the midst of important changes within the Interior. As many communities face devastating mill closures for the first time, it is important to document how restructuring is shaped by various factors such as company structure, community size, remoteness, resource availability, local capacities and resources, and local infrastructures and how these factors shape community responses. Comparing these strategies to what has occurred on the Coast will provide researchers, policy makers, and communities with a more nuanced understanding of regional differences and possible responses. Continued longitudinal research on these topics will better inform the ongoing community implications of policy reform and restructuring (Wilson, 2004).
It is also important to note that during data collection, communities were in the midst of a severe recession. This had different implications for the research that allowed for unique insight into the research topic. First, economic diversification took on a sense of urgency amongst community leaders. Second, the availability of key-informants was somewhat restricted, particularly in Mackenzie, where many mill workers, managers, and several service providers had left town in search of employment. As such I had to quickly adopt several strategies for obtaining interviews in the field and accounting for bias during analysis of the data. In the end, I feel that the recession offered a unique opportunity to assess community-company relationships under stress and the full extent to which communities have become ‘flexible’ under current government and company policies/practices.

The conclusions from this thesis highlight a number of future research projects. This research project is one ‘piece’ to better understanding the unique nature of restructuring within the Interior. The research was motivated by the desire to better understand the trend towards ‘flexible communities’ within the forestry sector. These findings indicated that restructuring was different than on the Coast. Future projects should examine how flexible production has been pursued within the region, more specifically: "Are firms in the Interior adopting flexible mass production or flexible specialization techniques?" and "What form are flexible labour arrangements within the region taking?" While this research addresses aspects of these questions, further research is warranted. Much of what is known about the Interior forestry sector following restructuring is contained in industry publications. Further study is required to determine how the region fits within the rural and economic restructuring literature. This research
would complement the large body of research examining restructuring on the Coast. Examining the similarities and differences between the two regions would be useful in formulating locally specific policy measures and provide a more nuanced understanding of restructuring in the province.

A promising line of future inquiry would be to build upon these findings by ‘scaling-up’ the results through a series of quantitative studies of local development responses to the most recent recession. This recession was the largest economic downturn for the region since the Second World War. This study found that this recession was viewed as a turning point in some communities while others may be able to maintain industrial forestry into the future. Research should examine whether communities that faced drastic mill closures like Mackenzie can sustain diversification efforts as local mills ramp-up production. For other communities that are home to large, state of the art mills, like those Houston and Quesnel, “Will communities use the time and resources available from the local forestry sector to engage in proactive local economic diversification measures?” and “Was this recession really different with regards to highlighting the diminished ability of forestry to support the economic base of rural places, or will the staples trap prevail?”

In conclusion, this dissertation argues that the relationships between companies and communities are an important aspect of life within resource-dependent communities. A close examination of the study communities finds that unique local characteristics, histories, and geographies combined with global institutions and processes to shape community-company relationships. Due to the rapid nature of change within the forestry sector, and the diverse circumstances faced by communities, devising a set of best
practices for companies and governments would be difficult and have limited applicability. However, given the continued importance of resources to the province's economy, and the recovery of commodity markets, it is clear that communities cannot be left to fend for themselves as they were in the 2008-10 recession. Doing so will only continue to degrade human capital and infrastructures throughout the region. Residents of northern BC are committed to the region and their communities and are not short on ideas for change. Communities, companies, and government need to work together to re-focus regional development in a way that addresses economic and environmental realities while supporting development in the periphery.
Bibliography


Lewis, K. J. (2002). Forestry and the forest industry in the Central Interior of British Columbia. *Western Geography, 12,* 185-215.


Appendix A – Key informant and focus group consent forms and question guides and ethics approval
Key informant interview consent form

Community–Company Relationships
Interview Consent Form

Purpose – The purpose of this project is to evaluate community-company relationships in forestry communities in northern BC. The research is being conducted by Alex Martin, a graduate student from UNBC in the Natural Resources and Environmental Studies Program. The project will involve an analysis of historical data, focus groups, and interviews. This consent is only for the interview activity.

How Respondents Were Chosen - Interview participants were selected from publicly available lists. They were selected for their potential to provide information about issues relevant to the past, present, and future of the local forestry sector. Participants will be speaking on their personal experience with these issues, not as representatives of any company or organization.

Anonymity And Confidentiality – The names of participants will not be used in any reporting, nor will any information be published which may be used to identify individuals. All information shared in this interview will be held within strict confidence by the researcher. All records will be kept in a locked research room at UNBC and accessible only to the researcher and his supervisor. The information will be kept until the final project report is complete (maximum of 7 years). After this time, all material and information related to the interview will be destroyed.

Potential Risks And Benefits - This project has been assessed by the UNBC Research Ethics Board. I do not consider there to be any risks to participation. I hope that by participating you will have a chance to provide input into issues relevant to the local forestry sector.

Voluntary Participation - Your participation in the interview is entirely voluntary and, as such, you may chose not to participate. If you participate, you may choose not to answer any questions that make you uncomfortable, and you have the right to end your participation in the interview at any time and have all the information you provided withdrawn from the study.

Research Results - In case of any questions that may arise from this research, please feel free to contact Dr. Greg Halseth (250-960-5826; halseth@unbc.ca) or Alex Martin (250-960-5299; amartin1@unbc.ca) in the Geography Program at UNBC. A draft summary of your interview will be sent to you for verification. A final project report will also be made available to each participant.

Complaints - Any complaints about this project should be directed to the Office of Research, UNBC (250) 960-5820 <reb@unbc.ca>.

I consent to having this interview recorded □ Yes □ No

I have read the above description of the study and I understand the conditions of my participation. My signature indicates that I agree to participate in this study.

Name (Please Print) □ Signature □ Date
Key informant interview question guide

SECTION A: OPENING QUESTIONS

A1. How long you have lived in Houston or the area?
A2. What involvement do/did you have with the forestry sector?

SECTION B: BACKGROUND & CONTEXT

B1. How would you describe Houston to someone who knows nothing about it?

SECTION C: LOCAL FORESTRY SECTOR IN THE PAST

C1. How would you describe the forestry sector in Houston when you first came here?
C2. What were some of the key events that happened in the local forestry sector in the past? How did these events impact forestry workers, the community, and the companies?
C3. How were forestry companies involved in Houston over this period of time? Did those events effect past community-company relations?
C4. How did those events affect the way that the community interacted with the forestry companies?

SECTION D: THE LOCAL FORESTRY SECTOR TODAY

D1. What are some of the current things about Houston, or the surrounding region, that make it a unique place for forestry companies to operate?
D2. How would you describe the current community-company relationships in Houston?

SECTION E: DRIVERS OF CHANGE

E1. How have community-company relations changed in Houston over time?
E2. Thinking back to the key events you identified earlier in the interview, can you relate them to changes in community-company relationships?
E3. How have different community-company relationships impacted Houston? The forestry companies? Forestry workers and their families?

SECTION F: CONCLUDING QUESTIONS

F1. Is there anything important not covered by the preceding questions that you would like to comment on?
Focus group consent form

Community-Company Relationships
Focus Group Consent Form

Purpose – The purpose of this project is to evaluate community-company relationships in forestry communities in northern BC. The research is being conducted by Alex Martin, a graduate student from UNBC in the Natural Resources and Environmental Studies Program. The project will involve an analysis of historical data, focus groups, and interviews. This consent is only for the focus group activity.

How Respondents Were Chosen - The focus group participants were selected from publicly available lists. The focus group participants were selected for their potential to provide information about issues relevant to the past, present, and future of the local forestry sector. Participants will be speaking on their personal experience with these issues, not as representatives of any company or organization.

Anonymity And Confidentiality – The names of participants will not be used in any reporting, nor will any information be published which may be used to identify individuals. The nature of focus group discussions means that we will be sharing information amongst everyone present. However, all information shared in this focus group will be held within strict confidence by the researchers. All records will be kept in a locked research room at UNBC and accessible only to the research team. The information will be kept until the final project report is complete (maximum of 7 years). After this time, all material and information related to the focus group will be destroyed.

Potential Risks And Benefits - This project has been assessed by the UNBC Research Ethics Board. I do not consider there to be any risks to participation. I hope that by participating you will have a chance to provide input into issues relevant to the local forestry sector.

Voluntary Participation - Your participation in the focus group is entirely voluntary and, as such, you may choose not to participate. If you participate, you may choose not to answer any questions that make you uncomfortable, and you have the right to end your participation in the focus group at any time and have all the information you provided withdrawn from the study.

Research Results - In case of any questions that may arise from this research, please feel free to contact Dr. Greg Halseth (250-960-5826; halseth@unbc.ca) or Alex Martin (250-960-5299; amartin1@unbc.ca) in the Geography Program at UNBC. A draft thematic summary report of the focus group findings will be distributed to all focus group participants. A final project report will also be made available to each participant.

Complaints - Any complaints about this project should be directed to the Office of Research, UNBC (250) 960-5820 <reb@unbc.ca>.

I have read the above description of the study and I understand the conditions of my participation. My signature indicates that I agree to participate in this study.

Name (Please Print) Signature Date
Focus group question guide

SECTION A: OPENING QUESTIONS

A1. Going around the table, could you please state:
   - Your name;
   - How long you have lived in [community name] or the area

SECTION B: BACKGROUND & CONTEXT

B1. How would you describe [community name] to someone who knows nothing about it?
B3. What are [community name]'s greatest strengths? Weaknesses?

SECTION C: LOCAL FORESTRY SECTOR

C1. How would you describe the forestry sector in [community name]?
C2. What are some of the key issues facing the forestry sector in [community name]?
C3. What changes have you witnessed in the local or regional forestry sector during your time in [community name]? What events triggered these changes?
C4. How have these changes impacted [community name]? Forestry companies? Forestry workers and their families?

SECTION D: FORESTRY COMPANIES

D1. What are the key forestry companies within [community name]?
   - How long have they been operating within [community name]?
   - Approximately how many employees work for each company?
D2. Is there anything about [community name] or the surrounding region that makes it a unique place for forestry companies to operate?
D3. How have community-company relations changed in [community name] over time?

SECTION E: CONCLUDING QUESTIONS

E1. Is there anything important not covered by the preceding questions that you would like to comment on?
Appendix B – Supplemental and historical data on forestry sector and study communities

This appendix provides background data related to the study communities and the provincial forestry sector. These data provide empirical detail for some of the trends identified in Chapter 3. These data were also included to address future accessibility concerns, especially in cases where figures and tables were only available on web-based pages or reports. This appendix includes:

1. Sawmill number and average capacity from 1950 to 1974 (Pearse, 1976),
2. Lumber production by region from 1946 to 1974 (F.L.C. Reed & Associates, 1975),
3. Lumber shipments by region from 1987 to 2003 (CFPA, 2010),
4. Measures of dominant income sources, dependence on forestry and wood processing, regional economic diversity, and forestry sector vulnerability for local areas in 2006 (Horne, 2009b), and
The number and average capacity of sawmills in British Columbia: 1950-1974

Source: Pearse, 1976
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Source: F.L.C. Reed and Associates, 1975
**BC lumber shipments by market: 1987-2003 (million board feet)**

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<td>5,442.90</td>
<td>6,511.20</td>
<td>7,004.12</td>
<td>7,356.00</td>
<td>7,467.80</td>
<td>7,332.00</td>
<td>7,172.00</td>
<td>6,961.40</td>
<td>6,851.30</td>
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<td>7,546.90</td>
<td>7,931.40</td>
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<td>8,396.60</td>
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<td>Total Value - $ billions Cdn</td>
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<td>$4,589</td>
<td>$3,933</td>
<td>$4,532</td>
<td>$3,686</td>
<td>$4,262</td>
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**Canada Housing Starts**

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<td>Japan Zairal (postSbaam) Housing starts</td>
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<td>603.610</td>
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<td>421.029</td>
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Source: CFPA, 2010
Dominant basic income sources by local area: 2006

Source: Horne, 2009b, p. 12
Dependence on forestry and wood processing by local area: 2006

Source: Horne, 2009b, p. 13
Regional economic diversity by local area: 2006

Source: Horne, 2009b, p. 17
Forestry sector vulnerability by local area: 2006

Source: Horne, 2009b, p. 20
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Source: BC Stats, 2008