

**ECONOMIC DEVELOPMENT IN PRINCE
EDWARD ISLAND, 1969-1997**

by

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ABSTRACT

This thesis analyzes economic development in Prince Edward Island. It begins with the proposal for a causeway which was followed by the Comprehensive Development Plan of 1969, the Canada-Prince Edward Island Regional Development Agreement of 1984, and finally, the opening of Confederation Bridge in June, 1997.

Economic theories associated with regional development are linked to the Prince Edward Island situation. As well, the influences of provincial characteristics evident in the relevant time period are discussed. The thesis ends with a brief indication of the direction of current strategies.

ABBREVIATIONS

ACOA	Atlantic Canada Opportunities Agency
APEC	Atlantic Provinces Economic Council
ARDA	Agricultural Rural Development Act
DOD	Department of Development
EIC	Economic Improvement Corporation
ERDA	Economic Regional Development Agreement
FRED	Fund for Regional Economic Development
SAC	Summerside Aerospace Center

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CHAPTER ONE

INTRODUCTION

Purpose

This thesis will look at the historical evolution of development planning on Prince Edward Island. The analysis will begin with the Comprehensive Development Plan of 1969 and end with an examination of the current strategies and the potential for economic development in the future. The goal of the thesis will be to analyze the different phases through which the province has gone and evaluate what each phase has meant to the development environment. After looking at the various development plans for the province, this writer will attempt to link any common theories or characteristics that have been evident in the time period discussed. This will lead to some conclusions as to what has limited or reinforced the development process on Prince Edward Island.

Theories

In any undertaking there is usually an ideology that acts as a catalyst for promoting the project. Regional development has been associated with many different theories; these include general theories such as the Neo-Classical approach, Keynesian economics, Marxist theory and more specific ideologies like Francois Perroux's growth pole theory, the staples theory and the dependency theory. One or more such theories can usually be detected in any development plan. In general, Prince Edward Island has been an economically depressed area for many years; its regional development initiatives have made reference at various times to most of these ideologies. In order to see how these theories have affected the province, one must examine the core ideas behind each.

Neo-Classical Theory

The Neo-Classical school of thought stresses the supremacy of the market; there is a belief that the market will allocate resources in an efficient manner. For this to happen, there must not be government interference in the market's functioning. This means that any imbalances should be left to the market to cure. Conflict arises when government intervenes to deal with the disparities that exist in underdeveloped areas. Governments intervene through a number of instruments, including transfer payments and minimum wage controls. Neo-classical thought blames such programs for at least some of the problems that economically depressed areas encounter. For example, neo-classicalists feel that minimum wage standards have kept unemployment high in certain areas because the controls have artificially increased the wage rate.¹ Industry will no longer move to these areas to take advantage of the cheap labor that otherwise would exist. Moreover, laborers with improved economic prospects will not be as desperate to leave the province, at least on an adequate scale to minimize unemployment levels. However, when the market is left to allocate resources, some of the underdeveloped regions may suffer further. For example, Prince Edward Island has been suffering from "brain-drain" because the economy does not offer the jobs necessary to keep more highly educated individuals in the province.

¹Ralph Matthews, The Creation of Regional Dependency. (Toronto: University of Toronto Press, 1983), 48.

Keynesian Theory

Keynesian economists are convinced that market forces alone are unlikely to sustain full employment without government involvement. Capitalist economies float between growth and depression, and Keynesian economists feel that government has to interfere minimally to modify these boom and bust cycles.² Keynesian economics tends to focus on national economic frameworks, and underdeveloped regions have a difficult time attracting new industry based on this theory. Government has to create a more attractive package to lure companies to these economically disadvantaged areas. This may be done through the use of grants, subsidies or tax breaks. Unfortunately in the Island context, once here, companies might not be able to continue operation without additional government assistance. Would government be forced to come to the aid of companies in order to retain jobs for Islanders?

Marxist Theory

The Marxist theory parallels Growth Pole theory because they both state that disparities are a necessary part of capitalism. Matthews describes this perspective as one where "...regional disparity is a natural and endemic characteristic of capitalism and is directly related to its goal."³ The goal of Marxist Theory is to accumulate wealth, not to distribute it evenly.⁴ The theory states that we live in a two-class society that consists of

²Ibid.

³Ibid., 49.

⁴Ibid.

workers and capitalists. The end result of the interaction of the two is value, which consists of the labor used to produce the goods and the surplus that accrues to the property owner.⁵

The cycle begins when the owners of the resources pay wages to lure workers from either the artisan sector or self-employment. Once the peasant and artisan economies are destroyed, the labor force is trapped. Then the level of real wages is decreased so the property owners can make more surplus. Legislation reinforces this by punishing dissenters and strikers. Once the workers are disciplined and learn the trade, output per worker can be increased and skilled laborers can be used to advance technology. Individual laborers begin to realize what has happened and trade unions are formed in an attempt to reverse the trend.

The main difference between Marxist economists and mainstream economists is that capitalism is a natural phenomena in mainstream economics, while it is a phase in the movement from a feudal economy to a socialist economy according to Marxist economists.⁶ The interests of a mainstream economist lie in the economic interactions between the different parts of the community including growth as well as distribution. Marxist economists, on the other hand, are primarily interested in the evolutionary processes that include pressures between owners and workers.

⁵Joan Robinson, Aspects of Development and Underdevelopment, (London: Cambridge University Press, 1979), 24.

⁶Joan Robinson, An Essay on Marxian Economics, (New York: St. Martin's Press, 1966), 27.

Growth Pole Theory

Regional development was given emphasis in the 1950's when equity became an important issue. Post-war economic growth was not being spread equally across fast changing Northern economies. An example of this occurred in 1957 when the Canadian federal government initiated a fiscal equalization program that was meant to alleviate the disparities that existed among the provinces.⁷ One response to the problem of equity is Francois Perroux's growth pole approach. He believed that "...growth does not appear everywhere and all at once; it reveals itself in certain points or poles, with different degrees of intensity; it spreads through diverse channels."⁸ Development does not spread itself evenly through time or space.⁹ There are certain high tech industries that promote rapid growth in areas which are designated as growth poles. Perroux defines a growth pole as a "...set that has the capacity to induce the growth of another set."¹⁰

Perroux accepted the idea that there are going to be regional disparities and that governments should aim for optimal differences rather than balance. He also feels that regions cannot be treated separately from national or global economies. For example, he feels that Latin America's growth poles could be found in Europe and to some degree, in the United States. For this reason, trying to adapt a growth pole to isolated area

⁷Benjamin Higgins and Donald J. Savoie ed. Regional Economic Development: Essays in Honour of Francois Perroux, (London: Unwin Hyman Ltd., 1988), 6.

⁸Ibid.

⁹Ibid., 7.

¹⁰Ibid.

development is improper usage of the general theory.

One interesting subject brought up in Regional Economic Development: Essays in Honour of Francois Perroux, is Japan's "technopolis" which promotes the introduction of technologically advanced industries into slow growth rural areas.¹¹ The use of high tech industries to promote growth seemed to be predominant in Perroux's growth process. Multinational corporations appear to have supported Perroux's idea of global growth poles. They conduct business throughout the world with a parent company in one geographic location. However, is there always a cause and effect relationship between technology and economic growth? There are industries, particularly in the service sector, that promote growth but would not be considered technologically advanced. For example, small home-based businesses such as craft shops and convenience stores are not technologically oriented, but they do lead to economic growth. In the final analysis, the growth requirements of a region must determine the proper engine for growth.

As with any theory, the growth pole concept has come under scrutiny and this scrutiny has led to several criticisms. First of all, does the pole of development actually exist? History provides evidence of growth inducing units. In fact, when one explores history one can see that most economic centers grew as a result of a propulsive industry. For example, cities such as Halifax and Saint John grew because they had ice free deep water ports. One might also question the ability of the theory to predict where an industry should be located. Perroux does not feel that his poles of development offer a

¹¹Ibid., 43.

concrete plan for choosing the proper location for industry. The idea of choosing between sites based on raw materials or demand for the product is a decision based on the requirements of the manufacturer. There is no way to predict the proper location under some sort of general framework. However, Perroux's prediction comes from his belief that most industries are attracted to areas of high economic activity. While this might have been true in the past, many firms today establish their plants in areas of low economic activity and low wage expectations.

There seems to be a contradiction in some of the ideas that Perroux expresses. An example of this is his idea with regard to monopolies and oligopolies. Perroux espouses monopolies as "propulsive" industries. He thinks that economic activity is made up of "...propelling units and propelled units, of active agents and less active agents."¹² The structure that he describes establishes monopolies as the propelling units that will influence other entities to become more dynamic. In this matter it would appear that Perroux promotes monopolies and oligopolies as leading agents in economic development.

On the other hand, Perroux does feel that in order to have true development the power of monopolies must be curtailed. This will allow development to benefit the whole of society, which is what Perroux wants. It is unclear precisely what role monopolies and oligopolies play in his ideology. On the one hand, he feels they comprise the "propulsive" industries needed to keep economic activity from becoming

¹²Ibid., 44.

stagnant; nevertheless, he views them antagonistically as the evils that act against the best form of economic development.

Karen R. Polenske offers a critical review of the concept of the growth pole. This is an interesting review as it attempts to provide an historical context for the evolution of Perroux's growth pole theory. She sees four different influences that affected the way in which Perroux developed his ideology. The first influence was World War Two and the subsequent Marshall Plan and rapid investment in European industry. Predominant philosophies regarding economic development at the time also played a role in the economic beliefs that Perroux held. For example, France and its continued reliance on the colonies led to his ideas on global domination. There was also the fact that development planning in the European socialist economies was growing and the large corporation was playing a key role in the development process.

One of the major forces at work was Perroux's apparent fondness of the ideas promoted by Schumpeter. Schumpeter's writings especially affected his view on innovation and its effect on economic development. Schumpeter felt that monopolies were an inherent and necessary part of the development process. Large firms were not to be seen as evil economic entities, but were to be viewed as a part of the solution in terms of development. Schumpeter's main belief was that there should not be anything inherently wrong with being big. He felt that simply because an economic agent is big does not necessarily mean that it is bad. Schumpeter and Perroux both felt that bigness meant superior economic performance and that a company that built a monopoly was practicing good business.

Many of Perroux's ideas were a result of events and the people of his time, but he did attempt to draw these beliefs together into a general development theory. His ideology has been viewed as a way to develop regions, but many of the people who have applied his framework have taken it out of context and used it inappropriately. As Higgins says, "The strategy has been one of trying to create growth poles in retarded, disadvantaged regions, hoping for spread effects from the chosen pole to its own geographical regions...In my view it is very important to make it clear that the failure of the growth pole strategy was not the failure of the Perroux theory, but the failure of a distorted version applied by his disciples, mainly Boudeville."¹³

In the Canadian context, growth pole theory can be said to have arrived with the election of the Trudeau government and the organization of DREE in 1968. As Matthews says, "There can be little doubt that DREE policy was based on the growth pole theory of development."¹⁴ The objectives were infrastructure assistance, industrial incentives and social adjustment.¹⁵ Target areas were chosen where the development agency felt industries could be lured. This way of thinking was used in the Newfoundland Resettlement Program where rural communities were to be eliminated. Growth pole theory played a role in this as the inhabitants of these rural communities were expected to move to resettlement centers. In their studies, development planners managed to identify

¹³Ibid., 105.

¹⁴Ralph Matthews, The Creation of Regional Dependency, (Toronto: University of Toronto Press, 1983), 107.

¹⁵Ibid., 107.

seventy-seven resettlement centers in the traditionally economically depressed province of Newfoundland. They were actually based on the Scandinavian idea of 'minimal size' service centers. However, Newfoundland called them 'special areas' so they could qualify for DREE funding which was dependent on Growth Pole Theory. This provides an example of development planners using the jargon of Perroux's theory, but not the core logic. The areas lacked the propulsive industry that the theory required. These communities were identified without meeting the standards that Perroux had adopted, albeit economies of scale for public services were to be achieved. But the question of who was to pay remained. Could any Prince Edward Island community meet Perroux's standard? Given the size of the province, both in terms of geography and population, and the fact that industries such as tourism, agriculture and the fishery were spread across the province, there is little likelihood that Perroux's growth pole theory would be useful for Prince Edward Island.

Staples Theory

This theory was developed by H. A. Innis, and has been refined over the years to be included as one of the major development theories of today. The staples theory "...assumes that the basic impetus for development is the foreign demand for a country's (or region's) major exports."¹⁶ In many cases, these exports consist of the natural resources of the area. For example, the major resource in Prince Edward Island has always been agriculture, and this comparative advantage means the province can export

¹⁶Michael Bradfield, Regional Economics: Analysis and Policies in Canada, (Halifax: Dalhousie University, 1994), 26.

to the rest of the world for profit. Thus the region should begin to develop because of the exploitation of the resource in which it has this advantage. Harvesting the resource means that, "In the process of exploiting the primary good, the staple, there develops a demand for labour, for infrastructure, for capital and for facilitating institutions."¹⁷ In order to take advantage of this, there has to be a further investment in the infrastructure of the area. For example, there is a need for roads to allow delivery of the resource to market, and there must also be proper storage facilities to allow the resource to retain its value. The success of the staples theory depends on the type of resource the area has. Is the good a renewable resource or is it non-renewable? If it is renewable, then an area can develop for years based on that one product. However, if it is non-renewable, other export industries must be developed to take its place when the product is completely exploited. Examples of renewable resources are agricultural products and products that result from the lumber industry. Non-renewable resources include many items, such as fossil fuels. The type of resource dictates the time period which an area has to exploit the product fully. In the case of agricultural products, a region has many years to develop the industry, whereas a fossil fuel area has a more limited amount of time to take advantage of the benefits.

There are two possible outcomes for a region that develops with the aid of a staple product. Some feel that the original resource will lead to the discovery of several other resources which will allow development to spread. This leads to increased

¹⁷Ibid.

economic activity in the area and increases the magnitude of the benefits associated with the exports. Export industries will also create both forward and backward linkages. For example, harvesting fish will create demand for fish processing plants. Agricultural products such as potatoes need some sort of processing plant to build a demand for their product. Hopefully, through the initial export of these resources, an area will generate the necessary dollars for the region to develop some of these secondary industries. This increase in exports will allow the country to increase the imports of other goods they require, which is the goal of the export industry.

However, a region dependent on exporting a particular product can take less positive paths. A possibility exists that the demand for the product will be fleeting and after the necessary technology is in place to exploit the resource, the demand for it will diminish. One must understand what is generating the demand for the product. For example, “Was it a fad or due to rising incomes and a high income elasticity of demand?”¹⁸ Another factor could be that the initial exporting of the product does not lead to diversification and the region becomes totally reliant on a single industry. Some areas never develop the secondary industries; eventually, they simply export the product unprocessed to plants in other parts of the world. When this occurs, there is a strong possibility that the jobs created will settle in some area other than the exporting region. Thus, in many respects, the long term viability of a staple economy depends on the amount of the resource’s value-added that can be kept in the area.

¹⁸Ibid., 30.

Many economists see "...economic prosperity as the result of our abundant natural resources and consider that societies not economically well off must lack such plentiful resources."¹⁹ Linking the prosperity of an area to the abundance of natural resources is not necessarily accurate. For example, Great Britain and Japan are two of the world's more successful economies, and they do not have an abundance of natural resources. On the other hand, Atlantic Canada has a vast array of natural resources and the Atlantic provinces have traditionally been an economically depressed area of Canada. Also in the Canadian context, Southern Ontario does not have large quantities of natural resources, but this area is one of the most economically dynamic parts of the country. It appears that those who hold the power and wealth benefit from a structure of exploitation. Those who have the capital to develop the natural resources are able to benefit while the economically depressed areas are not. By remaining economically disadvantaged, these areas are unable to change the dominant power relationships of the global economy. One can see the Staples Theory working on Prince Edward Island with the wealth of the area's natural resources. In particular, the potato industry has been used as an economic catalyst. But can the potato industry be considered sustainable? Are there dangers in developing one industry to the detriment of others? Does a monoculture pose problems for the future of economic development?

¹⁹Ralph Matthews, The Creation of Regional Dependency. (Toronto: University of Toronto Press, 1983), 45.

Dependency Theory

Another theory that has been used to describe the development of the Maritime provinces and, in particular, Prince Edward Island, is dependent development. However, most of the literature on dependency theory deals with a global economy rather than that of a specific area. Much of the debate about the philosophy centers on who is to blame for the uneven development around the world. Perroux would argue that development does not spread itself evenly throughout space and time so uneven development would be seen as a natural part of the process and thus would be the fault of no one. Others, such as Singer and Ansari, feel that there is an inherent weakness in having what are known as the rich and the poor countries.²⁰ And the question they are constantly faced with is how one goes about reducing the current gap between the two factions. Many of the answers to this question seem to focus on what causes dependent development.

There is a lot of evidence supporting Perroux's argument that dependency is a natural phenomena in any development process. Singer and Ansari agree with this point when they say that "...the imbalance between the rich and the poor countries cannot be corrected by means of an automatic, self-operating mechanism. Specific policy measures will have to be adopted by both the rich and developing countries if the latter are to experience those structural changes which are necessary for sustained economic growth."²¹ Other writers, such as Frank, "...recognize that the worldwide expansion of

²⁰Hans W. Singer, Javed A. Ansari, Rich and Poor Countries, (London: Johns Hopkins University Press, 1977), 35.

²¹Ibid.

capitalism and the concomitant relationships of exchange and domination between the capitalist metropolis and its colonies in Asia, Africa and Latin America exerted a detrimental influence on the historical development, or rather underdevelopment, of these regions.”²² Furthermore, Frank feels that: “The attempt to account for or explain-to understand, let alone to intervene in this latter part of the world historical process still poses serious theoretical problems.”²³ This is one of the limitations many economists and development activists experience. They can see what has happened, but it is difficult to explain how the process might be reversed.

Much of the difference between the rich and the poor countries is the gap that exists in their technological capabilities. Many of the developing countries produce raw, unprocessed goods that are exported at a relatively cheap price. These materials are in turn processed and then sold on the open market for profit by the industrialized countries. Because of this, the poor countries do not have the financial resources to import as much as they export in the short term. In terms of trade, the theory behind exporting is that it gives a country the ability to acquire the goods and services it needs to import. Because of this, the cycle of underdevelopment continues in the developing world. Many free market supporters believe that the market and the doctrine of comparative advantage are the only correcting forces required. However, comparative advantage assumes that technology is equally available in all parts of the world and that trade is not affected by

²²Andre Gunder Frank, Dependent Accumulation and Underdevelopment. (New York: Monthly Review Press, 1979), 2.

²³Ibid.

distortions such as tariffs. The fact that these assumptions do not represent reality poses a theoretical obstacle. There is a struggle between the rich countries who want to retain their place in the world economy and the developing countries who want to advance economically. Where the solutions to the problems that exist will be found is a difficult question, but the only way a solution will be found is through the co-operation of both the rich and the poor countries.

In a regional context, many of the problems that were discussed above explain the limitations that some of the “have-not” provinces in Canada face. Prince Edward Island has many of the same symptoms one might encounter in a developing country. There has long been a technological gap between the rest of Canada and the East Coast. On many occasions in the past, out-of-region interests have been able to benefit from the resources of the province. For example, potato processors such as McCains and Cavendish Farms have been benefitting from the agricultural sector of the province for years. This parallels Singer and Ansari’s notion that, “It has been maintained by a number of economists since the late 1940's that there is a tendency for the rich countries to gain from any economic dealings (whether in the form of trade, transfer of technology, or investment) which they have with the poor countries.”²⁴ In this case, rich multinational companies are benefitting from their economic dealings with Prince Edward Island.

All of these theories are evident in the historical evolution of Prince Edward Island. Some of the development theories are more prevalent than others. For example,

²⁴Hans W. Singer, Javed A. Ansari, Rich and Poor Countries, (London: Johns Hopkins University Press, 1977), 36.

the staples theory is obvious because the province has based both past and present development planning on the resources of the region. Marxist theory has also played a role in the development process as many small businesses have been sacrificed in favor of corporate entities. The other theories, while less noticeable, can be seen in the development documents the province has produced. For example, the province has attempted to use growth centers like Summerside and Charlottetown to develop the province.

It is helpful to have a sense for the theories that have influenced the public policies that have helped mold Prince Edward Island into the province it is today. Development theory can also be an asset when one tries to understand the rationale behind some strategies. While many of these ideologies were espoused as regional development instruments, they work differently in theory than they do in reality. One should be aware that there has not been one specific theory that has dominated the development process of Prince Edward Island; however, it is evident that the argument for development planning was based on a perceived need to tackle inefficiencies in certain economic sectors of the province. The agricultural industry had too many small, unviable farms; the education system was decentralized; and the fishery had too many fishermen and required a restructuring. The staples theory became a catalyst for the exploitation of the agricultural sector promoted in the 1969 Comprehensive Development Plan.

CHAPTER TWO

SOME REASONS FOR ECONOMIC DEVELOPMENT PLANNING

In the late 1950's and throughout the 1960's, various indicators showed a need for new approaches to economic and social development in Prince Edward Island. The revitalization process began with the province's first comprehensive development plan which was signed on March 7, 1969 and ended on March 31, 1984. To gain a proper understanding of the tasks undertaken, one must understand the historical characteristics that necessitated this development strategy.

The development agreement referred to the province as a "...predominantly rural area, that has experienced widespread low income, has substantial adjustment problems and has significant potential for economic and social development."²⁵ The rural character of Prince Edward Island is illustrated by the population figures for 1966 when the urban population numbered 37, 747 while the rural population numbered 68,788.²⁶ As well, the earned income per capita in 1966 was only 53.6% of the national average and was the second lowest in Canada followed only by Newfoundland.²⁷ The provincial gross domestic product of Prince Edward Island also lagged behind those of the other provinces

²⁵Development Plan for Prince Edward Island, A 15-Year Federal Provincial Program for Social and Economic Advancement, (Ottawa: Queens Printer for Canada, 1969), V.

²⁶Statistics Canada, Analysis and Methods and General Population Trends, 99-601.

²⁷Report of the Federal Provincial Task Force on Regional Development Assessment, (Toronto: Produced by the government of Canada, 1987), 3.

in Canada. In 1966, Prince Edward Island's gross domestic product at market prices, per capita, was only 48.4% of the national average, the lowest in Canada.²⁸ Moreover, in 1966, Prince Edward Island received \$27.5 of unemployment insurance payments per capita while the national average was \$14.7 per capita. The only province receiving higher unemployment insurance payments was Newfoundland.²⁹ In addition, much of the per capita income and growth in Prince Edward Island was a direct result of revenues received from the federal government. For example, the Province of Prince Edward Island estimated revenues for the fiscal year ending March 31, 1966 to be \$33,844,886; of this amount, \$20,414,800 was to come from the federal government through such grants as equalization payments.³⁰

The entire Atlantic region was experiencing problems similar to those of Prince Edward Island. In per capita income and provincial gross domestic product, all four provinces were lagging behind the other Canadian provinces in 1966.³¹ They also received higher unemployment insurance payments per capita.³² As a matter of fact, unemployment was increasing. By June 1969, the rate of unemployment in the Atlantic

²⁸Ibid.

²⁹Ibid., 4.

³⁰Estimates of Revenue and Expenditure of the Province of Prince Edward Island for the Fiscal Year Ending March 31, 1966, (Charlottetown: Prince Edward Island Department of the Provincial Treasurer), 9,10.

³¹Report of the Federal Provincial Task Force on Regional Development Assessment, (Toronto: Produced by the government of Canada, 1987), 3.

³²Ibid., 4.

region, had increased to 6.6% which was the highest level since 1961.³³ There was also a modest decline in the population of the Atlantic Region and capital spending was continuing to slow down as was personal consumption.³⁴

The disparities that existed pointed to the regional differences across the country. The Atlantic Provinces Economic Council (APEC) was one of the first organizations to realize the varying degrees of economic potential in Canada. In their "Atlantic Report" for 1970, the APEC members wrote that "Attempts are being made in Canada to recognize the regional differentials when national problems are being encountered and, accordingly, the tools of national fiscal and monetary policy are being more finely calibrated to suit these peculiarities."³⁵ There seemed to be a realization that the ultimate goal of national economic development had to be tempered with the cyclical nature of the different regions of the country. This certainly would point to the need for a development initiative for an economically depressed area such as the Atlantic Provinces, and in particular, Prince Edward Island.

The major adjustment problems mentioned in the development agreement occurred in the staple resources of the Province. One of these major resources was agriculture. In a 1959 socio-economic study of rural areas of Prince Edward Island, Diedrich Dyck arranged the farms in four geographical areas and found that sixty per-

³³The Atlantic Report, Vol. V, No. 3, (Halifax: Produced by the Atlantic Provinces Economic Council, July, 1970), 1.

³⁴Ibid.

³⁵Ibid., 5.

cent of the farmers interviewed had some sort of debt problem.³⁶ This is broken down and illustrated in table one.

Table 1.- Farms Reporting and Average Debt per Farm Reporting, by area and Economic Class of Farm, Prince Edward Island Study, 1959³⁷

	Number of farms Studied	Farms Reporting Debt Number — Per cent		Average debt per farm reporting (dollars)
<u>Area I</u>				
Small-scale	17	7	41	1,091
Part-time	9	6	67	761
Commercial	67	49	73	1,845
<u>Area II</u>				
Small-scale	5	2	40	1,308
Part-time	15	10	67	544
Commercial	76	43	57	1,912
<u>Area III</u>				
Small-scale	24	8	33	973
Part-time	18	11	61	751
Commercial	24	15	63	1,204
<u>Area IV</u>				
Small-scale	3	1	33	1,100
Part-time	4	2	50	775
Commercial	26	19	73	2,268
Small-scale	49	18	37	1,082
Part-time	46	29	63	683
Commercial	193	126	65	1,884
Survey	288	173	60	1,599

³⁶Diedrich Dyck, A Socio-economic Study of Rural Areas of Prince Edward Island, (Charlottetown: A Co-operative Study by the Canada and Prince Edward Island Departments of Agriculture, 1961), 39.

³⁷Ibid., 40.

The study also dealt with the percentage of a farmer's income that was net of the gross amount earned. Many of these figures illustrated in table two seem quite low.

Table 2.- Gross and Net Cash Farm Income, Part-time and Commercial Farms, by area, Prince Edward Island Study, 1959.³⁸

	Number of farms studied	Average gross farm income	Average net cash farm income	Per cent that net is of gross
<u>Area I</u>				
Part-time	9	780	498	64
Commercial	67	3,827	2,079	54
<u>Area II</u>				
Part-time	15	550	377	69
Commercial	76	3,318	1,871	56
<u>Area III</u>				
Part-time	18	517	286	55
Commercial	24	2,826	1,850	65
<u>Area IV</u>				
Part-time	4	582	154	26
Commercial	26	2,807	1,803	64
Part-time	46	585	346	59
Commercial	193	3,365	1,932	57
All farms	239	2,803	1,627	57

While there were these negative findings, there was some evidence in the study that suggested things were not as bad as they seemed. Some of the data indicated that the province was not suffering in terms of the standard of living: "The level of living scale

³⁸

Ibid., 45.

developed by F.M. Edwards provides a measure which reflects the long-term accumulation of material and cultural possessions, and participation of family members in group activities. The scale includes 27 household items; the highest possible score is 27 and the levels shown by the scores are relative.³⁹ Prince Edward Island was able to achieve an average score of 17.4, which corresponded to a rating of medium in table three below.⁴⁰

Table 3.- Average Level of Living Scores and Percentage Distribution by Low, Medium and High Scores, Families by Area and Economic Class of Farm, Prince Edward Island Study, 1959

Percentage distribution

	Average score	Low (15 or less)	Medium (16-19)	High (20-26)
Area I	17.0	31	39	30
Area II	17.2	29	39	32
Area III	18.3	20	40	40
Area IV	17.2	39	24	37
Small-scale	16.4	33	34	33
Part-time	15.8	48	33	19
Commercial	18.0	23	39	38
All families	17.4	29	37	34

³⁹Ibid., 52.

⁴⁰Ibid.

This index was set up by the University of Alberta and the Canada Department of Agriculture in 1946. In particular, the scale was to be used to measure the standard of living on Western Canadian farms. With a score of medium, it appeared that Prince Edward Island farmers were not necessarily worse off in terms of standard of living. However, the lower-than-average incomes and debt problems of farmers probably influenced developers to believe that Prince Edward Island farmers had to become more efficient.

The agricultural sector faced the problem of many small farms. In 1966 only 26% of farms were larger than 180 acres with the average farm size being 146 acres.⁴¹ Some outdated farming practices were also still in use. For example, many of the fields were very small; this slowed cultivation and harvesting. Lack of proper storage facilities for potatoes and grain mitigated against increasing production. Much of the agricultural equipment was outdated and inefficient. In order for farmers to become more efficient, farm consolidation, greater mechanization and better farm management would be necessary. But there were dangers in farm consolidation and greater mechanization. Larger farms and more use of machinery would mean fewer jobs, and care would have to be taken to protect the fertility of the soil.

Another of the staple industries in need of readjustment was the fishery as it was not performing as efficiently as it might have been. Kennedy Wells described the lobster

⁴¹National Farmers Union, Submission to the Select Standing Committee on Agriculture, Legislature of Prince Edward Island, (Charlottetown: 1981), 5.

“...as a resource waiting for the right technology.”⁴² Rationalization of the fishing industry dated back to the Gordon Report of 1952 in which a number of recommendations were made. Gordon’s recommendations dealt with the lobster fishery because he felt that prices received for the lobster catch were, and would continue to be, the most important single factor determining the incomes of Island fishermen.⁴³ Because Gordon believed there were too many fishermen for each to make a good living and for the province to preserve the lobster resource, he recommended reducing the number of lobster fishermen in the province.⁴⁴ Gordon also felt that there were too many canneries for each to obtain sufficient quantities of lobster without having to incur unreasonable transportation costs. He believed that some of these would have to go out of business as many were marginal economically. Acting on these recommendations would require a development strategy from both the federal and provincial governments. However, there could be a downside to consolidation in the fishery as well. Fewer fishermen and fewer canneries would undoubtedly mean fewer seasonal and part-time jobs.

The large number of one room schools in the province was also a matter of concern in the years prior to the 1969 Comprehensive Development Plan. There was an obvious oversupply of both schools and boards of education. In June, 1969, there were

⁴²Kennedy Wells, The Fishery of Prince Edward Island, (Charlottetown: Ragweed Press, 1986), 81.

⁴³H. Scott Gordon, The Fishing Industry of Prince Edward Island (Ottawa: Department of Fisheries Canada, 1952), 10.

⁴⁴Ibid., 17.

299 schools in the province for a student enrollment of 30,109.⁴⁵ As well, in June, 1969, there were 155 one room schools and 64 schools with only two teachers.⁴⁶ As Angus MacLean said, “The one room school became unsustainable and something had to be done about it.”⁴⁷ There was also a substantial amount of trouble in convincing well qualified teachers to come to teach in the province. Teacher qualifications for the time period April 1, 1968 to March 31, 1969 can be seen in table four below.

Table 4⁴⁸: Teacher Qualifications by Certificate and License.

<u>Qualifications of Teachers</u>	<u>Numbers of Teachers</u>
Certificate V	22
Certificate VI	15
Certificate IV	157
Certificate III	89
Certificate II	76
Certificate I	127
Certificate A	21
License IV	364
License III	89
License II	42
License I	161
Permits	40

⁴⁵Annual Report of the Department of Education for the Province of Prince Edward Island for the Fiscal Year Ending March 31, 1969, (Summerside: Williams and Crue Ltd., 1969), 103, 106.

⁴⁶Ibid., 103.

⁴⁷Angus Maclean, Former Premier of Prince Edward Island, Interview by Author, Souris, P.E.I., 15 May, 1997.

⁴⁸Annual Report of the Department of Education of the Province of Prince Edward Island For the Fiscal Year Ending March 31, 1969, (Summerside: printed by Williams and Crue Ltd., 1969), 72.

One can see that there were many more teachers with lower qualifications (permits, licenses and lower certificates) than there were teachers in the higher categories which required one or two degrees. Two reasons for the low qualifications of teachers were that the province had low entry qualifications and the salaries offered were well below the national average.⁴⁹ There was also a significant debate over the necessity of having two post-secondary institutions, St. Dunstons University and Prince of Wales College, in a province with just over one hundred thousand inhabitants. There appeared to be a need for a more efficient education system to provide better opportunities for Prince Edward Island students.

Another area where there was a need for economic development was tourism. One of the major problems tourist operators had to face was the shortness of their season, as it lasted for approximately two months of the year. As well, tourists coming to Prince Edward Island came more to enjoy the ambiance rather than spend money on such things as shopping and entertainment. For example, in 1972, 175,000 tourist parties spent only \$20.1 million dollars.⁵⁰ But increasing the number of tourists and their expenditures and lengthening the tourist season would have to be done without destroying the natural appeal of the Province.

⁴⁹Development Plan for Prince Edward Island, 15- Year Federal Provincial Program for Social and Economic Advancement, (Ottawa: Queens Printer for Canada, 1969), 47.

⁵⁰Province of Prince Edward Island, 1978 Statistical Review, (Charlottetown: Prepared by the Prince Edward Island Department of Development in Co-operation With Island Information Service, 1979), 33.

The problems faced by the province in these areas were probably the driving force behind the drafting of an economic development plan. Perhaps the most compelling reason for such a comprehensive development scheme was evident in the thoughts and beliefs of then Premier, Alexander B. Campbell:

We began a task in 1966... so that Prince Edward Islanders could begin the climb up the economic ladder to a standard of living and a quality of life the equal of any Canadian living anywhere.

That standard of living, that quality of life is yours by right of being a Canadian, and, if there is any one underlying conviction that guides the policies of our Government, it is that fundamental belief.

This can only come from imaginative, yet practical programs and policies. Programs and policies based on something more real than a politicians whim. Policies and programs that can achieve what I, as Premier, want for Prince Edward Islanders. Programs and policies that I, as a Prince Edward Islander, want for other Islanders and for my own children. A standard of life equal to any in Canada. Opportunities that can challenge the individual, compassion for those less fortunate, dignity for those whose working days are past. That is what I, as Premier, and as a Prince Edward Islander, want for Islanders, and I will accept nothing less.⁵¹

⁵¹Wayne E. MacKinnon, The Life of The Party: A History of the Liberal Party in Prince Edward Island, (Summerside: Williams and Crue Ltd., 1973), 142.

CHAPTER THREE

DEVELOPMENT PLANNING ON P.E.I. FROM 1969 TO 1984

Prior to the 1950's, the Government of Prince Edward Island did not take a proactive role in development issues. However, in 1955 the Royal Commission on Canada's Economic Prospects recommended a causeway from Cape Jourmain, New Brunswick to Borden, Prince Edward Island. During the 1960's, this idea was adopted by Conservative Premier Walter Shaw. However, in 1966, Prince Edward Island underwent a change of government with the election of Liberal Premier Alexander B. Campbell. There was also a change in national ideologies in 1968 with the election of the Trudeau government, which did not support the idea of a bridge between Prince Edward Island and New Brunswick. Instead of such a project, the federal and provincial governments embarked on a different path to development. The federal department of Energy, Mines and Resources undertook a socio-economic study of all aspects of Island life. They conducted some 8500 personal interviews and used this as the basis for the Comprehensive Development Plan which was proposed in the late 1960's.

In order to analyze any development plan, one must ask who initiated the changes. Was it something the province of Prince Edward Island wanted or was it thrust on the people by the federal government? To answer this question, one must look at the fact that the causeway had been a focus of debate preceding the acceptance of the development plan. In 1965 the plans to build the causeway were still on course, and there was a sod-turning ceremony involving Watson MacNaught, a federal cabinet minister from Prince County. Until the 1968 federal election, the plans for the causeway had gone ahead as

scheduled and tenders had been called for the first phase of the fixed link. However, the tender figures were substantially higher than expected. The federal government then attempted to lessen the financial burden by hiring Colonel Edward Churchill, who had been in charge of bringing down the costs of Expo 67. He was unable to do this with the causeway, and the Trudeau government felt that, given the cost, there was no way the proposed link could continue. Therefore, one wonders if the development document was a concession by the federal government in order to stop the controversy surrounding the building of a causeway. A fixed link was not then economically feasible, and there is the possibility that the plan was a way to appease the provincial government. As Angus MacLean stated, “The development plan was viewed as compensation for the termination of the causeway.”⁵²

However, it would appear that the two projects were separate entities that were developed independently and that the Comprehensive Development Plan was not a political compensatory package. Although from the federal government perspective, the plan may have been a way around the expensive causeway project, from a provincial perspective, the plan was being developed at the same time as the causeway project. Andy Wells suggested that the majority of the rhetoric surrounding the notion of the Comprehensive Development Plan acting as compensation for the failed causeway was

⁵²Angus MacLean, Former Premier of Prince Edward Island, Interview by author, Souris , P.E.I., 15 May, 1997.

created by defeated premier Walter Shaw.⁵³ Shaw never would publicly admit that he had initiated the Acres Research Study to analyze some of the inefficient sectors of the Prince Edward Island economy and thus had started to lay the groundwork for the development process. In fact, Wells feels that Shaw and his people attempted to make the EIC look like a group of 'demons', and, as he puts it, there were some very unpleasant politics involved in this process.⁵⁴ There is also the possibility that the provincial government adopted the plan in order to acquire a piece of the regional funding that was available, causing one to wonder what importance they placed on the planning aspect of the development initiative. Whatever the case, there was bound to be a feeling among the local people that they were some how accepting something less than they had been promised.

To suggest that a project follows some type of strategy or theory, one must establish a link between the project and some agency or predominant trend of thought. There were strong theoretical overtones at the federal level through the Agricultural Rural Development Act (ARDA) which influenced the Prince Edward Island Development Plan. Although the Fund for Regional Economic Development (FRED) financially supported the plan, the theoretical strands came from ARDA. For example, the notion of comprehensive was a part of the philosophy of ARDA as was enlarging farms and getting workers out of the farming industry. These goals became part of the Prince Edward

⁵³Andy Wells, Former Principal Secretary to Premier Alex B. Campbell, Interview by Author, Hunter River, P.E.I., 26 June, 1997.

⁵⁴Ibid.

Island Plan. Under the agricultural heading in the first phase of the plan, the authors agreed that "...there is a substantial amount of high quality land available for expansion and that there is capacity for intensifying agricultural land use."⁵⁵ By increasing the number of business-oriented farmers, the provincial plan hoped to make the agricultural industry more efficient. One might also note some evidence of Marxist theory here as the small family farmers were sacrificed for corporate farming. As well, retraining and higher education were both ARDA objectives that were promoted as development initiatives.

The stages approach of promoting increased industrialization was evident in many agency decisions as well. Development was to begin with natural resources and eventually diversify into manufacturing, resulting in a developed economy. The staples theory became a catalyst for the exploitation of the agricultural sector promoted in the development plan. For example, the document states, "This plan is based on a development strategy that would bring about full economic exploitation of the Island's large and potentially profitable resources for agriculture."⁵⁶ Other sectors that were identified included tourism, fishing and forestry, all of which are staple resources. The importance placed on resource sectors of the economy would suggest that the Staples

⁵⁵Development Plan for Prince Edward Island, A 15-Year Federal Provincial Program for Social and Economic Advancement, (Ottawa: Queens Printer for Canada, 1969), 33.

⁵⁶Development Plan for Prince Edward Island, A 15-Year Federal Provincial Program for Social and Economic Advancement (Ottawa: Queens Printer for Canada, 1969), 23.

Theory played a large role in the development initiatives of Prince Edward Island at this time. Keynesian theories can also be seen in the plan. The government was to interfere in the market to solve some of the economic problems of the Island. An example of this is the exploitation and industrialization of the staple resources in order to make Prince Edward Island more competitive. On the other hand, Matthews stated that "...the principles of growth pole theory influenced all Canadian regional development planning from 1965 through the next decade."⁵⁷ It is no surprise that this theory was evident in the Prince Edward Island plan. Five main urban centers were designated: Charlottetown, Summerside, O'Leary, Montague and Souris. Each of these areas was to have government service centers. However, Charlottetown, and to a lesser extent Summerside, received most of the benefits, such as industrial parks in each area. Industrial incentives and infrastructure assistance encouraged industrial development in these areas. However, these were very small urban centers and there was no population base to support local industry. The strait also mitigated against the viability of exporting any of the products that these industries would be able to manufacture. It would appear that these areas and the province as a whole did not have the qualities necessary to develop with the aid of Perroux's theory.

There were other theories that could be seen influencing aspects of the Prince Edward Island Development Plan. Dependency theory was evident because of the gap in technological development. The province has been able to keep some of the processing

⁵⁷Ralph Matthews, The Creation of Regional Dependency, (Toronto: University of Toronto Press, 1983), 106.

of agricultural products with plants established by McCains and Cavendish Farms. However, out-of-region interests have been able to benefit from the province's resources because they have the technological knowledge and the capital to invest in the area. On the other hand, there is little evidence of the Neo-Classical school of thought in the Prince Edward Island plan. Although the plan recognized that competition was necessary for the economy by attempting to make Island business more competitive, it emphasized government intervention in the marketplace, which is contrary to Neo-Classical thought. By attempting to close the gaps between the more developed regions of Canada and the underdeveloped region of Prince Edward Island, the plan set out to destroy the cheap labor force by artificially increasing wages which would make it more difficult to find laborers to develop the region according to neo-classical theory. Overall, however, it would seem that the Prince Edward Island Comprehensive Development Plan had some theoretical basis in most of the common theories which were in vogue in the late 1960's.

The Process of The Development Plan

In the case of the Prince Edward Island Comprehensive Development Plan, the process used was important. The first unique characteristic of the plan for the Atlantic provinces was the comprehensiveness of the initiative. There were other regional programs such as the Mactaquac development in New Brunswick but those were mostly built around physical projects such as hydro power dams.⁵⁸ On the other hand, the Prince Edward Island plan "...turned out to be the biggest in terms of money later on, and

⁵⁸A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 37.

was a political and social document as opposed to just a physical resource scheme.”⁵⁹

Although there were a number of different theories evident in the plan, perhaps the most influential role was played by the premier of the province. Out of necessity, Premier Alexander Campbell was forced to find a technically capable person to make sense of the Acres sector reports which were to be completed for the province in late 1966 or early 1967. These reports were to take an analytical look at all sectors of the Prince Edward Island economy and aid in the determination of positive and negative aspects of the structure of the economy. After some encouragement, D.W. Gallagher was persuaded to undertake this task. At this time, Gallagher had been working for ARDA in Nova Scotia.⁶⁰ Shortly after his appointment, he tabled a white paper on economic planning and development which suggested the establishment of a crown corporation known as the Economic Improvement Corporation. This group was to analyze the Acres reports and draft a development initiative covering the most critical sectors of the province. They quickly realized that the Acres reports were not comprehensive enough, and steps would have to be taken to incorporate them into their own planning process. Gallagher’s philosophy was evident in some of the problems he felt the corporation would encounter. For example, he felt that, “...numerous gaps in economic and social knowledge were evident and had to be filled , if for no reason other than to develop long-

⁵⁹Ibid.

⁶⁰Ibid., 13.

range planning guidelines.”⁶¹ The EIC also blamed past program failures on the fact that these programs were too sector specific. In other words, there was a need for an overall strategy that would change the underlying structure of the Prince Edward Island economy rather than concentrating on one resource. This did not really happen as the focus of the plan was placed on making the agricultural sector of the economy more efficient although other sectors were developed as well.

Gallagher felt there might be widespread opposition to such a comprehensive strategy. He was correct. Opposition surfaced early in the plan, and many of the people opposed to the plan could be found in the cabinet and the civil service: “People in both of these institutions began to perceive that the planners were attempting to bring about radical changes in the social and economic structure of the Island, which many were quite content to leave as they stood.”⁶² For example, the idea of consolidating St. Dunstan’s University and Prince of Wales College was one aspect of the plan that was controversial. However, this resistance originated outside of the civil service as both the government and Premier Alexander Campbell were in support of this objective. Gallagher also faced the fact that many Islanders were still waiting for a causeway and any kind of development plan would appear to be compensation for the project they were not going to receive.

⁶¹Economic Improvement Corporation: Second Annual Report, (Charlottetown: Produced by the Economic Improvement Corporation, 1969), 5.

⁶²A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 17.

Nevertheless, the planners proceeded. When ARDA objectives became a part of the Prince Edward Island plan, ARDA strategy called for “90% process, 10% plan.”⁶³ This paralleled the EIC’s notion of revolutionizing the social and economic structure of the province. In a CBC production called the “MacIntyre File”, the Prince Edward Island Development Plan was said to resemble George Orwell’s New World.⁶⁴ Gallagher felt that the opportunity to transform an entire society was a planner’s dream. In fact, although the wages he could offer were substantially lower than those given to planners in other areas, he used the idea of transforming an entire society to help attract planners from as far away as England. Because he had suggested that the EIC be a crown corporation, he felt the process of the plan could be kept secret and thus the plan would not be influenced for political or financial reasons: “There was the danger of raising public expectations much too high, and talk of the amounts of money involved could only encourage an attitude which would see the plan as just a means of getting more federal money.”⁶⁵

As Gallagher had expected, there was substantial resistance to the EIC and what it was trying to accomplish. People felt the process was secretive, and past programs had made them skeptical of outside influence. The way in which Gallagher and the EIC had

⁶³Ibid., 37.

⁶⁴The Prince Edward Island Comprehensive Development Plan, (Charlottetown: CBC MacIntyre File, March 9, 1978).

⁶⁵A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 39.

proceeded left the public wondering about the contents of the initiative. After all, how can a person embrace that about which he or she knows nothing? In order to address this problem, the EIC granted money to the Rural Development Council "...to prevent the planning process and the eventual development process from getting out of touch with the local people."⁶⁶ The funds were to support public information sessions that would keep the Islanders informed. This initiative was largely unsuccessful. A feeling of resentment developed in the civil service toward the joint-advisory board which was responsible for overseeing the plan. This board consisted of five federal and five provincial representatives. As the provincial part of the board was made up of elected officials while the federal group was made up of bureaucrats, some believed that the entire plan was undemocratic by nature. The complication of having elected officials deal with unelected civil servants caused Andy Wells to point out that the federal members had to answer to the politicians in Ottawa, but the provincial side had nobody to whom to answer.⁶⁷ In addition, although the board was to negotiate on an equal basis with federal and provincial representatives, the fact that it was federal government money tended to give the central government more bargaining power. As the narrator in the MacIntyre file stated, "...in every system yet devised by man, whoever pays the piper calls the tune."⁶⁸

⁶⁶Ibid., 39.

⁶⁷Andy Wells, Former Principal Secretary to Alexander B. Campbell, Interview by Author, 26 June, 1997.

⁶⁸The Prince Edward Island Comprehensive Development Plan, (Charlottetown: CBC MacIntyre File, March 9, 1978).

Nevertheless, the planners had finished the planning part of the process by 1968 and required federal approval to continue with the plan's implementation. The federal cabinet replied with a memorandum that stated: "The (FRED) Board did not question the objectives, the broad strategy or the implementation mechanism. The detailed review, now being completed with each department, indicates general acceptance, at the technical level, of the substance of the program."⁶⁹ The memo went on to say:

The board concluded, however, that it was not competent to recommend on the financial aspects of the plan in relation to priorities for government expenditure, nor on the major policy question relating to the scope of the plan, particularly as it affects reorganization and upgrading of provincial administration and the upgrading of provincial public services including education, health and welfare. Further, Treasury Board and Department of Finance officials have taken the position that the priority of this and other prospective FRED programs must be reviewed in relation to other major federal government programs within the context of the overall program review scheduled for this fall.⁷⁰

The federal government might have wanted to postpone announcing any agreement because they did not want to be viewed as attempting to bribe the province before the 1968 federal election. The importance of this is reflected in Andy Wells statement that, "The federal election in 1968 has been described by at least one of the federal officials involved in the Prince Edward Island planning process as one of the most important dates in the history of the Prince Edward Island Plan."⁷¹ Until this point, the EIC and the province had worked in an unrestricted manner in terms of the federal

⁶⁹A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 18.

⁷⁰Ibid.

⁷¹Andy Wells, Former Principal Secretary to Alexander B. Campbell, Interview by Author, Stanley Bridge, P.E.I., 26 June, 1997.

government. However, when Trudeau took over from Pearson, the policies of the federal government changed. Trudeau wanted to centralize government functions. This meant that federal initiatives were to be managed and monitored by federal government personnel. By centralizing federal initiatives, Trudeau hoped to make the federal government's presence more noticeable in the provinces. This was a change from the relatively free hand Gallagher and the EIC had enjoyed in previous years. After the Trudeau government came to power in 1968, there was a feeling in Ottawa that the EIC and Gallagher had been planning with a free hand: "The ragtag group of development 'guerillas' had to be beaten into a disciplined collection of 'regular army administrators'."⁷² Moreover, "In addition to these changes there was a desire in Ottawa to curb the government's spending, which had appeared to have escaped control in the Pearson era."⁷³ All of these changes had an effect, and the movement to control costs led to cutbacks in certain areas of the Island's development plan.

The Politics of Planning

Gallagher and the EIC eventually fell into disfavor with several groups. It should not be surprising that in a small and isolated province which tends to be conservative, people would oppose too many radical changes, especially when the process used by the EIC was secretive and the group failed to communicate clearly to the public. In addition, many Islanders were apprehensive about people from "away" such as Gallagher and the

⁷²A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 44.

⁷³Ibid., 20.

federal bureaucrats. Moreover, these bureaucrats were dealing with Prince Edward Island elected officials who would have a very different perspective, if for no other reason than that they would in the future have to curry the favor of their constituents to be re-elected. Add to this the fact that many Islanders were still waiting for a causeway, and it is easy to see why the EIC was not popular in the province. Federally, after the 1968 election, Trudeau's desire to centralize federal initiatives and to curb government spending would make him wary of a relatively independent group planning such comprehensive and expensive changes.

Premier Campbell had based his 1966 election campaign on implementing a development strategy for the province. In this election, he was given a narrow margin of victory, a majority of one. Thus, he might have felt that, before the 1970 election, he had to garner support through the implementation of an initiative which would be accepted by both the people of Prince Edward Island and top level federal politicians. The mandate of the EIC as Campbell saw it was "...to design a comprehensive development plan that would achieve the specified goals and had a fair chance for federal approval and ultimate adoption by the government of Prince Edward Island.⁷⁴ It is possible that he felt that Gallagher, the EIC, and ARDA could not gain such acceptance. In addition, Premier Campbell felt that leaving the EIC in control would decrease the provinces ability to influence the plan. He said that "...leaving the EIC in charge of the plan was tantamount

⁷⁴Alexander B. Campbell, Former Premier of Prince Edward Island, Interview by Author, 10 July, 1997.

to relinquishing the sovereignty of the province.”⁷⁵ For whatever reasons, Campbell left the task of developing an acceptable plan to Tom Kent, who had come from the Department of Regional Economic Expansion (DREE). Kent and Campbell attempted to work around the EIC and ARDA. Kent, “At a blow did much to demoralize the ARDA people in Ottawa and undermine the EIC’s position in Prince Edward Island.”⁷⁶

Now the group that had been responsible for the initial drafting of the plan was relegated to observer. All they could do was watch as Kent, Campbell and federal bureaucrats took responsibility for the plan. It appeared that the “...90% process had been sacrificed for the 10% planning.”⁷⁷ At this time, Prince Edward Island did not have an established development strategy. For this reason, the process was an important component of the plan. When the process was altered, it was unclear whether the necessary development strategy would be implemented in the province. The original process had been changed and sacrificed for political interest. One has to wonder if the plan would have been more successful without political influence. For example, to obtain federal support, Kent placed an upper limit on the amount of money the federal government would spend on the plan. This made it necessary to reduce the budgets in many areas of the plan. Some programs that were affected included housing, education and government re-organization; however, agriculture, fishing and tourism escaped these

⁷⁵Ibid.

⁷⁶A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 44.

⁷⁷Ibid., 48.

cuts.⁷⁸ Were these changes detrimental to the success of the plan? They might have been so in the field of education, for example. If the plan were to change the province socially as well as economically, then the cuts to education might have been ill advised.

The EIC was then replaced by a line department called the Department of Development (DOD). Although many of the people in the new department had come from the EIC, one noticeable omission was D.W. Gallagher. He had fallen out of favor with both levels of government.⁷⁹ Perhaps his approach was not designed to garner support for him or his policies and perhaps, too, he wanted to go too far, too fast in transforming a small, conservative society into a new world. Moreover, he had been working independently and both levels of government appeared to want more input into the plan implementation.

Premier Campbell chose for deputy minister of development, Hector Hortie, the federal ARDA representative on Prince Edward Island. Hortie accepted this role on the condition that the new department be given a mandate and have the political support necessary to achieve its objectives.⁸⁰ Unfortunately, the DOD and EIC were regarded in much the same manner by Islanders. There was a great deal of animosity towards the DOD which was viewed in the same light as was the controversial EIC. There were

⁷⁸Alexander B. Campbell, Former Premier of Prince Edward Island, Interview by Author, 10 July, 1997.

⁷⁹Professor Ian McAllister, Department of Economics, Dalhousie University, Halifax, Nova Scotia, 10 August 1998.

⁸⁰A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 46.

political rumblings from the civil service and many employees would not attend interdepartmental meetings. Because of this negative environment, it would appear that a successful implementation would be difficult.

After a deputy minister was found, the new Department of Development began to implement the document. A door had now been opened that would allow provincial political interests to exert pressure on the spending of the plan funds. This contradicted the reasoning Gallagher had given for establishing the EIC as a crown corporation in the first place. The “political meddling” that they had hoped to avoid would now become a part of the process of the development plan. This was shown when the province requested an early transfer for the construction of roads, and when the government spent money on waste treatment facilities at a higher rate than the plan had indicated. Obviously, some other areas would lose money to allow this to happen. Road construction is popular and can garner votes for elected officials. But, should it necessarily take precedence over education or the staple industries? Apparently, someone thought that the planners had not allocated the available funds properly. This may or may not have been true, but one can see how political influence could have affected the success of the plan.

On the other hand, Andy Wells indicated that former members of the EIC exaggerated the problem. This is partially supported by the fact that the EIC and the DOD were basically made up of the same people, which would indicate that the majority of the EIC members had actually agreed to the change. But this did not lessen the problem the plan faced when the implementation phase was taken from a crown

corporation and given to a provincial department of government.

Another important aspect of the plan was the establishment of the Planning Board which was chaired by Premier Campbell. This body was a result of the white paper the province had produced on government reorganization. The function of this board was instrumental in the implementation of the plan. "The idea was that everything under the Development Plan had to go through Planning board before it went to Executive Council and also before it went to the Joint Advisory Board."⁸¹ Campbell had also discussed the phasing out of the DOD and the White Paper had agreed with this on a conditional basis. The creators of this paper felt that a small staff should be kept on to aid the Planning Board in decision making. This did in fact take place and now, "Because of the role of the Planning Board, the politicians had major input into the implementation of the plan..."⁸²

Unfortunately, this input of the politicians became one of the major factors mitigating against a successful implementation of the plan. The board would have been more useful if the political jurisdiction had been used as a balancing measure rather than as an active participant in the development process. If both the federal and provincial side had been made up of civil servants, any problems that the board had could have been submitted to the politicians for their advice. However, because of the provincial make up of the board, such a scenario was impossible. It would have helped the provincial

⁸¹A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 54.

⁸²Ibid.

government if they had considered the actual roles of the politician and the civil servant. It would have served them well to realize that politicians are there to formulate policy and the civil servants are present to implement these policies.

The provincial government had failed in transferring the implementation of the plan from an independent crown corporation to a government department. The Department of Development had the Premier of the province as its leader, and this immediately would make politics an important part of the plan process. In fact, after the document was signed, the federal government took a less than pro-active role in the implementation of the plan. Instead, they let their federal co-ordinator, Hector Hortie, look after federal interests. This left all the political factions and lobbyists in Prince Edward Island to fight over the cash incentives that had now become available from the federal government, and placed Hortie in a difficult position. Instead of avoiding the political meddling the EIC had spoken of, the process had led the plan into the trenches of political warfare. The plan had become a political platform for the Campbell government and a source of controversy which the Shaw party attempted to use to their benefit. There was now the possibility that the plan would lose its comprehensiveness and would simply become a cash cow for the province. An example of how the plan could be influenced came to light in the interviews which this writer conducted. For example, the plan had recommended finding a cheaper source of energy, and the province had considered a deal involving the Point Lepreau nuclear reactor. The monies set aside for energy in the development plan were to be used to subsidize this agreement. This was to be an entitlement agreement of five per-cent of a six hundred megawatt generator. At the start

of these negotiations, Premier Campbell and his Liberal government were fully behind the proposal. In fact, the Premier was the one who suggested that talks should take place. The principal secretary to Campbell at the time, Andy Wells, was also supportive. However, in the mid-seventies, Wells had become an avid environmentalist. Some people interviewed indicated that Premier Campbell had changed his mind at the request of his principal secretary. One of the interviewees said that, "I nearly fell out of my chair,"⁸³ when the proposal was refused by Campbell who had been the driving force behind initiating the agreement. The proposal went to cabinet on three different occasions, and it was finally defeated when the premier vetoed the document.

The Point Lepreau issue was recycled in the election of 1978. After the election, Alexander Campbell had resigned as premier and Bennett Campbell had taken over. At this point, the new premier wanted the entitlement re-opened and a deal completed. After all, there had been a good deal of money put into drafting the deal that the previous government had completed. An entitlement agreement for Point Lepreau was signed by the Liberal government; however, they lost the election of 1979 to the Angus MacLean-led Conservatives. One of the themes used by the Conservatives to win this election was an anti-nuclear one. Perhaps one of the biggest surprises associated with this was that one of the strongest Liberal supporters in recent history, Andy Wells, was now writing speeches for the opposition party.⁸⁴ Angus Maclean wanted the entitlement act

⁸³Interview(interviewee did not wish his name used for this quote)

⁸⁴David Morrison, Former Deputy Minister of Industry of Prince Edward Island, Interview by Author, Summerside, P.E.I., 27 June, 1997.

terminated, and for a one hundred thousand dollar penalty it was. The driving force behind this could have been Andy Wells, who acted as a one man-lobby in defeating the proposal. Once again political and individual influence had come between a project and its successful implementation, and a possibility of lowering the relatively high cost of electricity had been lost. In fact, the high cost of electricity was a factor in slowing economic development in the province.

This election also marked an important change in philosophy from that of the Campbell government, which had been in power for twelve years. As David Morrison, Deputy Minister of Industry, said, “Angus Maclean coming in was very much the old school where there would be no more shopping centers; instead these would be replaced with country stores and one-room school houses.”⁸⁵ While this may be somewhat of an exaggeration, the pro-active philosophy of the Liberals was replaced with a more conservative approach. This marked a change in the comprehensive development strategy the province had embraced in the past.

The Comprehensive Development Plan

The Prince Edward Island Comprehensive Development Plan was to become the largest of its kind in the Canadian context. It was signed on March 7, 1969 by Jean Marchand, the federal Minister of Forestry and Rural Development, and Alexander B. Campbell, the Premier of Prince Edward Island. The goals of the plan were “...to

⁸⁵ibid.

increase income and employment opportunities and to raise standards of living.”⁸⁶

The plan itself consisted of several different sections which dealt with many aspects of the provincial way of life. First among the sections was the Development Strategy the planners hoped to use. There was an emphasis on the exploitation of the primary sectors such as agriculture and fishing along with a movement for improved tourist facilities and educational opportunities. As the plan indicated, “The Island has a clear and substantial comparative advantage in much of agriculture- the economic engine of this plan- and there is no doubt that this will provide its major role within any restructuring of the Maritime economy as a whole.”⁸⁷ It was hoped that such a restructuring would aid in bringing Islanders to a position of self-sufficiency.

The development strategy and the resulting programs were to have a positive financial effect on the province. This was to be seen in the net provincial product of the Island and the income per capita of the province. The expected effects on net provincial product can be seen in table five.

⁸⁶Development Plan for Prince Edward Island, A 15-Year Federal Provincial Program for Social and Economic Advancement, (Ottawa: Queens Printer for Canada, 1969), 6.

⁸⁷Ibid., 25.

Table 5- Net Provincial Product millions⁸⁸(Constant 1966 Dollars)

	Without Plan	With Plan	Increase
1966	133	133	
1978	205	330	125
1983	270	440	170

The expected effects on per-capita income in the province are shown in table six.

Table 6- Per Capita Income⁸⁹(Constant 1966 Dollars)

	Without Plan	With Plan	Increase
1963-65(av.)	1236	1236	
1978	1660	2400	740
1983	2140	3070	930

From these tables, one can see that there were high economic expectations for the comprehensive development plan. There were different areas on which the development plan was to concentrate to bring about these economic benefits.

Agriculture

Agriculture was to be affected the most by the plan strategy. As the planners saw it, Prince Edward Island had "...a substantial amount of high quality land available for

⁸⁸Ibid., 27.

⁸⁹Ibid., 27.

expansion and that there is capacity for intensifying agricultural land use.”⁹⁰ The goal was to increase the net value added in the agricultural sector to forty-eight million by 1976 and to sixty-eight-million by 1983.⁹¹ By restructuring this sector in the first seven years, planners hoped that a rapid growth stage would begin in subsequent years. They hoped to remove outdated farming practices and low productivity through larger, more highly mechanized and better managed farms.

The objectives were to be reached through training and land consolidation. This retraining would occur through the education of young farmers, especially in business practices, and through increasing the technological capacity of Island farms. Wives of farmers were also included in the retraining, as they were encouraged to take courses such as record keeping and credit management. Land consolidation was to take place through a government funded program where land would be bought by the province and distributed or sold to established or newly established farmers. Farmers over sixty were given the choice of accepting the market value for their land or receiving a pension from the government. Whether independent, conservative-minded farmers would accept this remained to be seen.

Tourism and Recreation

Planners also believed that there were problems associated with the tourism industry on Prince Edward Island. They pointed to the short season and low per-capita

⁹⁰Ibid., 33.

⁹¹Ibid.

spending as two of the major obstacles to the survival of local tourist operators.

Implementation of objectives of the tourism strategy were to take place through capital expenditures and the lengthening of the tourist season. Money was to be spent on the development of five major tourist complexes throughout the Island to create a more attractive and extensive market.⁹² There was a major emphasis on lengthening the tourist season through the shoulder seasons, an emphasis that still exists today. This might be done through increasing the emphasis on snowmobiling and skiing in the winter months and golf in both spring and fall. The development plan also concentrated on increasing the number of tourists, encouraging them to stay longer and to spend more money. This would be accomplished by providing better services for the tourists when they visited the Island. All of this was to be done in a way that did not compromise the tranquility of the province. This tranquil type of lifestyle was seen as one of the most attractive qualities that the province possessed. Planners emphasized the importance of developing the tourism sector of the economy in a manner that best promoted the positive characteristics of the area.

Fishery

The fishery of Prince Edward Island was and continues to be an important part of the province's economy. During the time of the fifteen-year development plan, the inshore and offshore fisheries of the Island were experiencing some problems. The fishermen were dealing with a limited resource, and some fish populations were being

⁹²Ibid., 39.

over-fished. An example of this is the disappearance of the cod in the last few years. There was also a disorganized structure in terms of fishing ports and plants and also too many of each. Some were not economically viable, and the only ones that could survive were the relatively organized co-operatives. Fishermen needed education on the dynamics of their industry so they would be better able to manage and develop their livelihood.

To deal with these problems, the planners felt that there should be consolidation of processing sites and registration and active licensing among the fishermen. Such actions were taken to increase the per-capita income of the fishermen left in the industry. These views went back to the H. Scott Gordon report of 1952 on the Prince Edward Island fishery. The comprehensive development plan attempted to expand on the findings of this Report.

Education

The major part of the plan's social development dealt with the structure of the education system. The objective was to improve the quality of training Islanders received by reorganizing the administrative structure of the system. There was also a need to improve the quality of teachers because poor wages made it difficult to attract the best in the profession. To implement this strategy, the number of schools and school boards in the province had to be reduced. Vocational training was also to become a part of the curriculum so that individuals had a choice in what they wanted to do.

Post-secondary education was also dealt with in the document. There was a controversial movement for the integration of the two post-secondary institutions in the

province. St. Dunstons University and Prince of Wales College were to join and form what is now known as the University of Prince Edward Island.

The Second Phase of the Plan

The second memorandum of implementation was to last from April 1, 1975 to March 31, 1980.⁹³ This document was substantially shorter and less specific than the plans for the original phase had been. Much of the discussion hinged on the successes of the first memorandum of implementation. For example, officials discussed the fact that per-capita income had grown at a faster rate than the national average and that there had been success in the area of economic diversification.⁹⁴ The objectives of the second phase were "...to create conditions in which the people of Prince Edward Island can develop economic enterprises for themselves so as to raise per capita income with equity and create more jobs while maintaining the environment."⁹⁵ These were sweeping goals for any plan, and the strategy for achieving these objectives was outlined in seven pages. It would appear that proper time was not given to the strategy for implementation in the second phase.

Once again economic development was to come from the primary sectors of the economy. There was to be a concentration on allowing farmers to realize a greater return

⁹³Development Plan for Prince Edward Island, A 15-Year Federal Provincial Program for Social and Economic Advancement, (Ottawa: Queens Printer for Canada, 1975), 28.

⁹⁴Ibid., 26.

⁹⁵Ibid., 27.

on their investment. This was to occur through increased productivity and greater access to markets.⁹⁶ The only problem with this was that the document did not indicate how this would be accomplished. There was also to be increased emphasis on the fishing of species other than lobster. Aquaculture was supposed to become more important as was the quality of the product fishermen produced. However, the plan did not indicate how the fishing industry was to go about obtaining the goals set for them. To increase the economic benefits of the tourist season there was to be an increase in the length of the season by expanding activity in the months immediately before and after the summer season. The education system was to continue on its present path with the continuing development of new primary and secondary facilities. Unfortunately, while these were laudable objectives, there was little specific information on how the objectives were to be reached.

The Third Phase of the Plan

The third memorandum of implementation was to span the years between April 1, 1981 and March 31, 1984.⁹⁷ This document stated: “The major objective will be to encourage productive employment while attempts are concurrently made in the primary and processing industries to improve the competitive strength of individual companies.”⁹⁸

⁹⁶Ibid., 28.

⁹⁷Development Plan for Prince Edward Island, A 15-Year Federal Provincial Program for Social and Economic Advancement, (Ottawa: Queens Printer for Canada, 1981), 2.

⁹⁸Ibid., 1.

One of the major focuses of this document was the attempt to spread the development opportunities throughout the province and thus diversify each area. This memorandum was even shorter, with the implementation component of the plan outlined in four pages. Agriculture was to continue with its present goals through the use of capital incentives, training, research and infrastructure.⁹⁹ The fishing industry was to increase the marketing of the product and the idea of Aquaculture was now to be introduced to the private sector. Once again, these objectives were vague with few specific suggestions on how they were to be achieved.

Evaluation of The Comprehensive Development Plan

Was the Prince Edward Island comprehensive development plan a success? There has been much debate over the usefulness of the plan, and one criticism of the plan goals might be that there was a general lack of clear, quantifiable targets to be achieved. In strict economic terms, some of the projections or goals of the plan were not realized. This is not an unusual phenomena as many programs discuss benefits that never reach their predicted magnitudes. By referring to the anticipated changes outlined in tables five and six and looking at the actual numbers in table seven and eight below, one can see that the plan did not realize some of the financial benefits expected.

Table 7- Net Provincial Product (table 3) millions¹⁰⁰ (Constant 1966 dollars)

⁹⁹Ibid., 4.

¹⁰⁰<http://datacentre.epas.utoronto.ca:5680/cansim/cansim/html>.

	Without Plan	With Plan	Increase
1966	133	133	
1978	205	273	68
1983	270	386	116

Table 8- Per Capita Income (table 4)¹⁰¹ (Constant 1966 dollars)

	Without Plan	With Plan	Increase
1963-65 (av.)	1236	1236	
1978	1660	2152	492
1983	2140	2880	740

Although the net provincial product and per capita income did improve, the increase was not as large as predicted. The gross domestic product did increase, but it was still the lowest in Canada by 1984.¹⁰² On the other hand, it did improve from 48.4% of the national average in 1966 to 56.5% in 1984.¹⁰³ Per capita income also increased from 53.6% of the national average in 1966 to 61.6% in 1984 while in some provinces such as British Columbia it decreased.¹⁰⁴ This was a noticeable increase and certainly shows the

¹⁰¹Ibid.

¹⁰²Report of the Federal Provincial Task Force on Regional Development Assessment, (Toronto: produced by the government of Canada, 1987), 3.

¹⁰³Ibid.

¹⁰⁴Ibid.

improved standard of living Islander's were enjoying. Unfortunately, Prince Edward Island still had the second lowest per capita income in Canada next to Newfoundland.¹⁰⁵

Unemployment also continued to exist at an alarming rate, still above the national average. It was 9.6% in 1976 and remained above this for the rest of the 70's.¹⁰⁶ As well, there was a large seasonal and part time work force. Fifty to ninety per-cent of tourist related jobs were seasonal and seventy-five per-cent were part time.¹⁰⁷ A larger amount of unemployment insurance was paid out. For example, in 1969, \$3,887,000 was transferred to Prince Edward Island as a result of unemployment insurance and in 1981, this increased to \$81,728,000.¹⁰⁸ By 1985, Prince Edward Island's unemployment insurance payments per capita were the second highest in Canada, over double the national average.¹⁰⁹ From these statistics one notices that much of the development was a result of federal government spending. The per capita expenditure by the government almost doubled between 1964 and 1979.¹¹⁰ Government expansion also played a large

¹⁰⁵ibid.

¹⁰⁶<http://datacentre.epas.utoronto.ca:5680/cansim/cansim/html>.

¹⁰⁷Dymaxion Research Ltd. "Tourism Employment Study, (Charlottetown: Queens Printer, 1976), 42.

¹⁰⁸Department of Finance and Tourism Economic Trends 1984 Mid Year Review, (Charlottetown: September, 1984), 8,10.

¹⁰⁹Report of the Federal Provincial Task Force on Regional Development Assessment, (Toronto: produced by the government of Canada, 1987), IX.

¹¹⁰Satadal Dasgupta, "The Island in Transition: a Statistical Overview," Pp. 243-268 in Smitherman and Dasgupta (eds.), The Garden Transformed: Prince Edward Island, 1945-1980. (Charlottetown: Ragweed Press, 1982), 258.

part in the development process. By 1978 it was estimated that one-third of the people working on the Island were employed by the government, which left government as the largest employer in the area.¹¹¹ This gives an indication that self dependency had not been achieved.

As former premier Alexander Campbell pointed out, “Obviously not all of the objectives would be met and the plan would not be as successful as hoped, but it would seem that we had more success with our plan than did the Russians with their five year development plans.”¹¹² There did appear to be both some success and some failures in economic terms. However, because of the size and influence this plan had on the structural aspects of Prince Edward Island, judging it solely on financial indicators would be simplistic.

In the area of agriculture, the province moved toward many of the plan’s goals. For example, by 1986 the net value added in agriculture had risen to \$58,720,000 million, which was part of the increase planners had hoped for¹¹³. The number of farms decreased and the total number of people involved with agriculture decreased. In 1971 there were 4,543 farms; in 1976 there were 3,677; and in 1986 there were 2833.¹¹⁴ From 1941 to

¹¹¹Ibid.

¹¹²Alexander B. Campbell, Former Premier of Prince Edward Island, Interview by Author, Stanley Bridge, P.E.I., 10 July, 1997.

¹¹³Statistics Canada, Manufacturing Industries of Canada National and Provincial Areas, 31-203.

¹¹⁴Province of Prince Edward Island. Twenty-Third Annual Statistical Review, (Charlottetown: Prepared by Fiscal Management Division Department of the Provincial Treasury 1997, 1985), 47, 42.

1976 nearly three out of every four farms in the province disappeared.¹¹⁵ In 1966, the average farm size was 146 acres while in 1979 the average was 251 acres.¹¹⁶ In 1966 only twenty- six per-cent of farms were larger than 180 acres and in 1976 forty-eight per-cent of all farms were over 180 acres.¹¹⁷ Farm productivity also increased. Between World War II and 1979; the volume of produce per acre rose 72% compared to 58% for the rest of Canada.¹¹⁸ The gross value of agricultural production rose from \$52,879,000 in 1968 to \$130,263,000 in 1978 to \$278,319,000 in 1986.¹¹⁹ Prince Edward Island farmers appeared to better off. However, the money was concentrated in the hands of fewer farmers.

These changes have not occurred without a price. Larger farms and greater mechanization have probably contributed to a stubbornly high unemployment rate. Increased production per person and per acre has meant the utilization of large, chemically dependent operations. There has also been more reliance on one crop, mostly potatoes. This has created a negative environmental effect as some farmers have made

¹¹⁵William Janssen, "Agriculture in Transition," Pp. 115-130 in Smitherman, Milne and Dasgupta (eds.) The Garden Transformed: Prince Edward Island, 1945-1980. Charlottetown: Ragweed Press, 1982, 120.

¹¹⁶National Farmers Union, Submission to the Select Standing Committee on Agriculture Legislature of Prince Edward Island, (Charlottetown: 1981), 5.

¹¹⁷Ibid.

¹¹⁸National Farmers Union, Submission by The National Farmers Union on the Comprehensive Development For Prince Edward Island, (Charlottetown: 1979), 16.

¹¹⁹Prince Edward Island Department of Agriculture and Forestry Statistics- Agricultural Statistics, (Charlottetown: Published by the Authority of the Department of Agriculture and Forestry 1970, 1980, 1988), 7, 14, 9.

heavy use of chemical fertilizer and pesticides, cut out hedgerows and planted the same crop often in order to increase production and survive the economic squeeze created by increasing costs and volatile crop prices. In many cases, farmers have had to borrow money to support expansion while the cost of production has increased. Thus, there has been more dependence on the banks and government loans and, as a result, agriculture has become more of a business. This has meant the arrival of corporate farming. However, many of these corporate farms are controlled by off-Island interests, Cavendish Farms being an example of this. The corporation owns large acreages, receives government grants, produces a percentage of the potatoes it processes and also has some ability to dictate prices. In 1981, Cavendish Farms felt that they needed to produce one third of the potatoes that they processed.¹²⁰ They were processing about 20,000 acres which left them with two alternatives. They either had to use 8,000 acres without crop rotation or they would have to buy 24,000 acres to allow for proper rotation of crops.¹²¹ With objectives such as these, it was not hard to recognize the impact the corporate farm would have had on Prince Edward Island if Cavendish Farms had achieved some of these goals. Cavendish Farms wanted significant control of the potato market in the province, and this meant that still more farmers would be squeezed out of the market.

The Development Plan has also meant changes in the rural life of Prince Edward

¹²⁰National Farmers Union, Submission to the Select Standing Committee on Agriculture Legislature of Prince Edward Island, (Charlottetown: 1981), 8.

¹²¹Ibid.

Island. There has been a decline in the farm population of rural areas. In 1966, the farm population was 31,000, and by 1976, the farm population was 12, 279.¹²² It has been difficult for young people to enter farming. For example, farmers in the forty-five to fifty-four category of age made up the highest percentage of farmers between 1971 and 1981.¹²³ In 1976, sixty-seven per-cent of all farmers were over the age of forty five.¹²⁴ Therefore, the plan's goal of getting younger farmers in and older farmers out had not been achieved.

School consolidation, which was one of the goals of the plan, has also affected community life. Three hundred and seventy boards of trustees were reduced to five.¹²⁵ All one-room schools were abandoned and many consolidated schools were built. In 1969 there were 299 schools in operation on the Island, and by 1980, this number had been reduced to sixty-eight.¹²⁶ This no doubt improved the quality of education by providing more modern, better equipped educational facilities with the ability to offer a greater variety of courses. As well, one can see that teacher qualifications improved considerably by comparing tables four and nine.

¹²²Ibid., 4.

¹²³Province of Prince Edward Island, Eleventh Annual Statistical Review, (Charlottetown: 1985), 42.

¹²⁴National Farmers Union, Submission to the Select Standing Committee on Agriculture Legislature of Prince Edward Island, (Charlottetown: 1981), 4.

¹²⁵Development Plan for Prince Edward Island. A 15-Year Federal Provincial Program for Social and Economic Advancement, (Ottawa: Queens Printer for Canada, 1981),9.

¹²⁶Ibid., 9.

Table 9:¹²⁷ Number of Full-Time Equivalent Instructional Personnel by Certificate.

<u>Certificate</u>	<u>Numbers of Teachers</u>
Certificate 6	166
Certificate 5A	181
Certificate 5	672
Certificate 4	285
Certificate 3	34
Certificate 2	20

Although this did streamline a decentralized system and bring a better quality of education, many people feared that their children might become just a number at many of the larger schools. Angus Maclean noted that his children, who had attended school in Ottawa, found the schools on Prince Edward Island larger than any they had encountered in the nation's capital.¹²⁸ As well, an important institution in the community disappeared. The school was often the focal point for community social activity and removing it took away another element of community life. It can not be denied that the rationalization of the educational system continued the de-ruralization policy promoted by the Comprehensive Development Plan.

As well, the amalgamation of the two universities did take place. This recommendation was a forward thinking idea that has allowed the province's university to survive and aid in the development process. Alexander Campbell feels that without

¹²⁷Prince Edward Island Department of Education 1984 Annual Report For the Year Ending June 13, 1984, 57.

¹²⁸Angus Maclean, Former Premier of Prince Edward Island, Interview by Author, 15 May, Souris, P.E.I., 1997.

this integration, "...we would still have two small, struggling, competing, degree granting institutions..."¹²⁹ The Comprehensive Development Plan was also directly involved in the establishment of Holland College, which has been responsible for the practical and technical training many Islanders have required.

In the field of tourism, there have been some gains as well. The attempt to keep tourist development compatible with the overall tranquility of the province is still evident in the development ideals of the province today. An example of this is the government signage program which provides a limited amount of roadside signage controlled by the government and prohibits business people from erecting their own roadside advertisements wherever they want. This program has helped to maintain the natural beauty of the province. Much of the success in this area is due to the insight of the people responsible for the drafting of the Comprehensive Development Plan. There has also been success in increasing the number of tourists that come to Prince Edward Island and the amount they spend while here. For example, the number of tourist parties increased from 175,000 in 1972 to 208,476 in 1984.¹³⁰ Expenditures by tourists rose from 20.1

¹²⁹Alexander B. Campbell, Former Premier of Prince Edward Island, Interview by Author, Stanley Bridge, P.E.I., 10 July, 1997.

¹³⁰Province of Prince Edward Island, 1978 Statistical Review, (Charlottetown: Prepared by P.E.I. Department of Development in cooperation with Island Information Service 1979), 33 and Province of Prince Edward Island Eleventh Annual Statistical Review, (Charlottetown: Prepared by Economics, Statistics and Fiscal Analysis Division Department of Finance and Tourism 1985), 46.

million in 1972 to 32.7 million in 1978.¹³¹ Expenditures continued to increase until the end of the plan when in 1984 they totaled 54.2 million dollars.¹³² However, the expected growth rate of 2.8% was not reached in tourism by 1980.¹³³ The major emphasis on lengthening the tourist season has not been particularly successful as the weather, to a large extent, determines the tourist season on Prince Edward Island, and unless someone can change the length of the summer months, expanding the tourist season may be a difficult task.

The Comprehensive Development Plan has also had a generally positive effect on the fishing industry. The province still has a self sustaining lobster fishery which supports many Islanders. While much of the restructuring of the lobster fishery had taken place before the comprehensive development plan, the plan reinforced what had already been started to ensure the sustainability of this fishery. In 1967 the licensing and limited entry programs addressed the problem of an overabundance of both fishermen and canneries by limiting the number of both. This program seems to have worked. The price per pound for lobster increased from 71.5 cents in 1971 to 188.1 cents per pound in

¹³¹ Province of Prince Edward Island, 1978 Statistical Review, (Charlottetown: Prepared by P.E.I. Department of Development in cooperation with Island Information Service 1979), 33.

¹³² Province of Prince Edward Island Eleventh Annual Statistical Review, (Charlottetown: Prepared by Economics, Statistics and Fiscal Analysis Division Department of Finance and Tourism 1985), 46.

¹³³ Judith Adler, "Tourism and Pastoral: A Decade of Debate." Pp. 131-154 in Smitheram, Milne, and Dasgupta (eds.), The Garden Transformed Prince Edward Island 1945-1980, (Charlottetown: Ragweed Press, 1982), 149.

1983 to 422.1 cents per pound in 1995.¹³⁴ No doubt demand for a better product brought about much of this price increase; however, some of the progress may have been due to improved products such as frozen lobster. Some might also argue that lobster scarcity helped to put up the price of Island lobster, but statistics do not bear out this argument. Lobster landings by pound have varied somewhat, but there does not seem to be any definite trend toward scarcity of this resource. In 1991, 22,766,685 total pounds were landed; in 1993 this had decreased to 19,462,535 pounds and in 1995 19,305,883 pounds.¹³⁵ Strict control of the industry by the federal government should maintain lobster stocks. For example, the 1998 lobster carapace size increase mandated by the federal government should help to maintain healthy breeding stocks. As well, dollar value of lobster harvested rose from \$46,455,400 in 1991 to \$79,241,660 in 1995.¹³⁶ Again this seems to indicate a better product.

There were other positive results of the Comprehensive Development Plan as well. Prince Edward Island established the first land bank in Canada, and it also had the first home ownership program in Canada. Prince Edward Island also strove for self sufficiency in feed grains, and there is a general consensus that the province has in fact

¹³⁴Province of Prince Edward Island Eleventh Annual Statistical Review, (Charlottetown: Prepared by Economics, Statistics and Fiscal Analysis Division Department of Finance and Tourism 1985), 45. Province of Prince Edward Island Twenty-Third Annual Statistical Review, (Charlottetown: Prepared by the Fiscal Management Division Department of the Provincial Treasury, May, 1997), 53.

¹³⁵Ibid., 52.

¹³⁶Ibid.

done this with the use of grain elevators that were made possible by the comprehensive development plan. There was also the establishment of a number of golf courses as a result of the plan. At the time, there were some questions concerning the construction of these courses, but one can not argue that they have become an important aspect of the provinces second leading economic sector, tourism. As Alexander Campbell remarked, “There was a good deal of public outcry to the ‘minister of golf balls’, Lorne Bonnell, but such projects were also fundamental in spreading tourism across all sections of the province.”¹³⁷ The golf courses have continued to expand and improve. They continue to draw tourists to them in increasing numbers throughout the province. This has also helped to spread tourist spending across the province as well as bring more tourists and lengthen the tourist season. Golf has increased so much in popularity that in July of 1998 the provincial courses registered their first ever million dollar month. There was also an increased efficiency in the delivery of government services to the public through the establishment of the regional service centers. This seemed to reflect the Growth Pole theory by targeting certain areas for development. Such a practice resembles the manner in which the Newfoundland resettlement program was conducted. Premier Campbell commented that he guessed it took “... a Summerside premier to see that government services were centered in Charlottetown and the establishment of the Shaw building further solidified this.”¹³⁸ Although all of these areas may not have met the Growth Pole

¹³⁷Alexander, B. Campbell, Former Premier of Prince Edward Island, Interview by Author, Stanley Bridge, P.E.I., 10 July, 1997.

¹³⁸Ibid.

requirements, it would appear that these regional service centers went a long way in spreading government programs to all areas of the province.

One of the more positive elements of the plan was that the government structure was changed. There were now people in government who understood the planning process. This began with the establishment of the EIC and continued with the creation of the new DOD. Many of the individuals who were involved in these two bodies were retained in different government departments. The province now had the expertise and the experience to continue with the development process. ARDA officials had made progress the major objective of the Prince Edward Island plan: "That is to say, the success of the planning venture hinged 90 per-cent on the implementation of a developmental decision-making capacity."¹³⁹ In this respect, the plan could be considered somewhat successful because a developmental process had been established through the experience of the plan and the expertise that trickled down from those involved in the process.

Overall, one can be seen that the Prince Edward Island Comprehensive Development Plan had both positive and negative aspects and probably more successes than failures. However, the planners did make some fundamental mistakes. When one looks at some of the Acres consultants' reports, one might question whether they were truly accurate in terms of the Island's problems. They discussed the Island's economic symptoms, but they never really came to a consensus on what was causing these problems. As Andy Wells said, "Prince Edward Island will never become a Hong-

¹³⁹ A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 37.

Kong,”¹⁴⁰ and it was and is important for provincial leaders to realize this. The Island is dependent on the primary resource sectors and the transportation problems associated with being an Island caused disadvantages. For example, the province has a limitation in terms of agriculture because there is only so much arable land available in the province. Continuous farming will strip the land of many nutrients, unless all farmers commit themselves to using good farming practices. As well, Prince Edward Island has a short tourist season and there is a limit to the amount of expansion in this industry, although so far this expansion appears to continue without much stress on the province’s natural resources.

One of the most problematic decisions associated with the plan occurred when the provincial government disbanded the EIC and put the implementation of the plan in the hands of the provincial government. By doing this the government of the day lost the objectivity that existed in the plan, and changed it into a project-oriented plan where each constituency wanted its fair share of the federal funds. The “90 per-cent” process that ARDA officials had discussed then became flawed. The province also did a poor job in explaining the role of the EIC, and many Islanders viewed the group as high-priced foreigners: “First, the major problem with the Prince Edward Island development plan was that it was not a mobilizing device, designed to change the ways in which Islanders

¹⁴⁰Andy Wells, Former Principal Secretary to Alexander B. Campbell, Interview by Author, Hunter River, P.E.I., 26 June, 1997.

related to their government and to their economy.”¹⁴¹

Another problem the plan encountered was a substantial amount of bad publicity from the local media. A good deal of this was brought on by the opposition party led by Walter Shaw and later by Angus Maclean. The Campbell government seemed to have done a poor job in explaining the merits of such a program to the people of the province. Because of this, they were unable to stem the tide of negative feelings toward the development plan. However, as Alexander Campbell points out, they won two elections during this time period and he took this as voter approval in terms of the development plan.¹⁴²

One of objectives of the Development Plan was expressed as follows:

“The common aims of these programs were to create conditions in which the people of Prince Edward Island can create viable economic enterprises for themselves.”¹⁴³ One of the problems with the Development Plan was that it did the exact opposite and made the province dependent on federal monies. For example “...instead of suffering from excessive concern over documentation and projectismo, the Prince Edward Island plan

¹⁴¹A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 107.

¹⁴²Alexander. B. Campbell, Former Premier of Prince Edward Island, Interview by Author, Stanley Bridge, P.E.I., 10 July, 1997.

¹⁴³Development Plan for Prince Edward Island. A 15-Year Federal Provincial Program for Social and Economic Advancement, (Ottawa: Queens Printer for Canada, 1969), 24.

suffered from being primarily a device to orient federal-provincial spending.”¹⁴⁴ The number of federal and provincial government employees increased from 4,119 in 1961 to 7,556 in 1980, thanks mainly to the development plan.¹⁴⁵ The plan became a cash cow and really was a simple transfer of money from the central government to a “have-not” province. Expenditures by the federal government increased from \$392 million dollars in 1977 to \$650 million dollars in 1982.¹⁴⁶ Huge amounts of money were injected into the province, and in some cases there was no way to spend it all. As David Morrison said, “It would make economic sense to build an industrial park and burn it down the next day because the money was 90-10 in terms of federal and provincial shares.”¹⁴⁷ This certainly points to bureaucratic oversupply and the fact that the plan, in some cases, fizzled into nothing more than a federal transfer for the province.

The focus of the EIC on the process of the plan left very little by way of technical data to measure its success. This left people with questions regarding the evaluation of the plan and how one could establish proof of its effectiveness. There are two ways to judge the success of a development initiative: in comparison to the rest of the

¹⁴⁴A History of the Prince Edward Island Comprehensive Development Plan to 1977, (Halifax: Submitted by The Atlantic Provinces Economic Council, 1980), 107.

¹⁴⁵Satadal Dasgupta, “The Island in Transition: a Statistical Overview,” Pp. 243-268 in Smitherman and Dasgupta (eds.), The Garden Transformed Prince Edward Island 1945-1980, (Charlottetown: Ragweed Press 1982), 257.

¹⁴⁶Province of Prince Edward Island, Tenth Annual Statistical Review, 1983, (Charlottetown: Prepared by Economics, Statistics and Fiscal Analysis Division Department of Finance and Tourism, March, 1985), 68.

¹⁴⁷David Morrison, Former Deputy Minister of Industry for Prince Edward Island, Interview by Author, Summerside, P.E.I., 27 June, 1997.

country or the development that has been specific to that region. The plan did not give an adequate indication of what it had hoped to achieve and people were forced to look at it in one of two ways. In most cases, over the past thirty years regional development has been measured by the gaps that exist between regions. If one were to do this with the Prince Edward Island Comprehensive Development Plan, one would see a limited amount of success. The reason for this is the fact that many of the regional disparities still existed despite regional development efforts. This is illustrated in tables ten and eleven. Many of these differences existed for reasons other than the success or failure of development efforts. For example, during the Prince Edward Island plan much of the economic progress was hidden by the rapid growth of inflation in the national economy. In Prince Edward Island the Gross National Product had increased by fourteen per cent between 1972 and 1973; however, this was just enough to keep up with the rate of inflation.¹⁴⁸ Therefore, if one evaluates the plan on the basis of a national comparison, the successes do not seem as significant.

On the other hand, when one looks at the successes only in relation to the region for which the plan was designed the benefits increase in magnitude. The question that must be answered is whether Prince Edward Island was better off before the development plan, or after the development plan. However, obvious increases in the standard of living even in the face of national problems such as inflation indicated that the plan was achieving some success. One can see from tables ten and eleven below that there were

¹⁴⁸Atlantic Report, Vol. IX, No. 1, (Halifax: produced by APEC, 1974), 6.

noticeable increases in earned income per-capita(table ten) and the provincial gross domestic product (table eleven).

Table 10:¹⁴⁹ Earned Income per Capita by Province and Territory, Selected Years, 1966-84.

Relationship to National Average (Canada=100)

	1966	1971	1976	1981	1984
Newfoundland	52.5	54.8	56.1	53.4	54.8
Prince Edward Island	53.6	57.0	60.2	59.0	61.6
Nova Scotia	71.5	74.2	74.2	73.4	76.9
New Brunswick	65.1	68.1	69.0	64.9	67.5
Quebec	89.2	87.8	90.4	89.9	90.0
Ontario	118.3	119.2	112.5	110.6	113.7
Manitoba	91.0	93.7	93.9	92.9	95.5
Saskatchewan	92.3	78.7	99.5	98.9	86.9
Alberta	99.0	98.6	105.0	114.4	107.4
British Columbia	111.0	109.5	109.5	109.7	102.9
Yukon & N W T	85.1	91.9	94.7	105.3	112.0

Sources: Statistics Canada

Donald J. Savoie, *Regional Economic Development, Canada's Search for Solutions*, University of Toronto Press, 1986.

¹⁴⁹Report of the Federal-Provincial Task Force on Regional Development Assessment, (Toronto: produced by the government of Canada, 1987), 3.

Table 11: Provincial Gross Domestic Product at Market Prices, per Capita, by Province and Territory, Selected Years, 1966-84,

Relationship to National Average (Canada=100)

	1966	1971	1976	1981	1984
Newfoundland	52.1	56.2	53.6	52.0	59.5
Prince Edward Island	48.4	52.3	52.2	50.5	56.5
Nova Scotia	63.0	67.9	66.0	61.3	69.0
New Brunswick	61.3	63.7	63.8	63.1	65.1
Quebec	89.9	88.9	88.1	86.0	85.7
Ontario	117.4	117.3	109.4	106.5	108.0
Manitoba	87.1	90.7	91.4	88.1	90.5
Saskatchewan	99.6	86.9	101.2	108.8	99.7
Alberta	109.3	110.8	137.1	146.0	147.1
British Columbia	109.2	106.8	108.6	109.4	100.1
Yukon N.W.T.	105.8	97.7	88.9	112.1	160.0

Sources: Statistics Canada, 13-213, Savoie, op. cit.

Perhaps there were unreasonable expectations as to what government can do about economic disparities. These differences are a fact of life not only for Prince Edward Island, but for the country as a whole and will never be totally solved. The best we can hope for is a narrowing of the gaps that do exist. The other problem is the protection of the status quo by the country as a whole. People and governments want to protect what

they have and become defensive when suggestions for change are made. This decreases the flexibility necessary for regional development and tends to increase the differences that exist. In retrospect, it is easy to criticize things that do not work out as expected. The fact remains that in the late 1960's and early 1970's Prince Edward Island needed some sort of development. At least the governments of the day attempted to do something. While there may have been some misguided ideas, economic development was certainly not an established science. As the Annual Conference of First Ministers pointed out in 1987, the regional development efforts of the 1970's were successful in terms of the resources applied to them.¹⁵⁰ The Comprehensive Development Plan was a learning experience and although it may not have been successful in all respects, it produced many positive results for the province.

¹⁵⁰Report of the Federal-Provincial Task Force on Regional Development Assessment, (Toronto: produced by the government of Canada, 1987), ix.

CHAPTER 4

AN ANALYSIS OF DEVELOPMENT INITIATIVES SINCE 1985

During the 1950's, provincial governments were generally responsible for the economic development that took place within the province. However, the 1960's and 1970's saw the federal government take a more pro-active role in the development initiatives of the poorer provinces. In the mid 1980's joint federal/provincial initiatives under the Economic and Regional Development Agreements (ERDA'S) became popular. Much of the impetus for these changes was initiated during the Annual Conference of First Ministers in 1987. The first ministers had several recommendations for the future of regional economic development. Some of these included the establishment of joint planning between the federal and provincial governments, the use of sector-specific policies, delegation of the implementation of the plan to regional managers and advanced consultation.¹⁵¹ The first ministers also felt that previous ideas had focused on the symptoms of economic inefficiency rather than on the causes. The symptoms of regional high unemployment levels and low incomes per-capita were evident, but the continued increase in federal transfers was an ad hoc way to mask the problem and not to get at its roots. In the budget estimates for 1978-79, the total revenue received by Prince Edward Island from the government of Canada was expected to be \$136,803,900.¹⁵² In the budget

¹⁵¹Ibid., X.

¹⁵²Estimates of Revenue and Expenditure of the Province of Prince Edward Island for the Fiscal Year Ending March 31, 1978, (Charlottetown: Prince Edward Island Department of the Provincial Treasurer), 9.

estimates for 1983-84, the total revenue from the government of Canada was expected to be \$201,117,600 while the total revenue from the province of Prince Edward Island was forecast to be \$193,523,800.¹⁵³ Once again, the federal government contributed the largest amount for equalization payments.¹⁵⁴ As one can see, Prince Edward Island continued to rely on federal transfers which simply redistribute income and do not add to economic efficiency.¹⁵⁵ This would lead one to believe that a system based on fewer transfers and more development of wealth production capabilities would be preferable. It appeared that no one had yet addressed the question of increasing the wealth production capacity of the province.

This was the challenge faced by the new government when Bennett Campbell was defeated by the Angus MacLean-led Conservatives in 1979. The development efforts of the province changed. As David Morrison said, "There was a complete turnaround from the Alex Campbell era to the Tory era."¹⁵⁶ For example, (MacLean) said he would like to get rid of the power cables and wanted to use wood fire generators and windmills.¹⁵⁷ While this may have been exaggerated this type of thinking did not parallel the more pro-active stance

¹⁵³Estimates of Revenue and Expenditure of the Province of Prince Edward Island for the Fiscal Year Ending March 31, 1984, (Charlottetown: Prince Edward Island Department of the Provincial Treasurer), 9.

¹⁵⁴Ibid., 7.

¹⁵⁵Ibid., 7.

¹⁵⁶David Morrison, Former Deputy Minister of Industry of Prince Edward Island, Interview by Author, Summerside, P.E.I., 27 June, 1997.

¹⁵⁷Angus MacLean, Former Premier of Prince Edward Island, Interview by Author, Souris, P.E.I., 15 May, 1997.

the Liberals of the late 1960's and 1970's had taken. There was now a feeling of distrust for the comprehensive type of development that had been attempted. Consequently, there was a certain amount of confusion over the path the province should take.

After the completion of the Comprehensive Development Plan in 1984, the province had to develop a new structure under which to achieve development goals. By this time, the new Conservative Premier was Jim Lee, and he entered into another agreement with the federal government. On June 13, 1984, the provincial and federal governments signed a Canada- Prince Edward Island Economic and Regional Development Agreement.¹⁵⁸ The agreement was to cover a ten year period and end on March 31, 1994. Many of the recommendations of the first ministers were evident in this plan. For example, the agreement included a joint federal/provincial structure and covered various sectors of the Island economy. Although the first ministers conference was not held until 1987, many of the beliefs of this group had already started to creep into development planning in their provinces. This document was instituted to help co-ordinate federal and provincial initiatives in the area of economic development within the province. There were three main objectives that guided the plan in all sectors:

- a.) to stabilize and diversify the economic base of the Province and its communities in order to encourage balanced economic growth and to make the province's economy less vulnerable to changes in world market conditions;
- b.) to stimulate economic growth in the province and thereby increase provincial self-reliance, create additional employment and income opportunities and enhance the Province's contribution to the national economy;

¹⁵⁸Canada-Prince Edward Island Economic and Regional Development Agreement, (Ottawa: Queens Printer, June 13, 1984), 1.

c.) to better utilize the human resources of the Province in order to provide its economy with increased flexibility to meet changing economic conditions and to maximize employment opportunities.¹⁵⁹

These goals were vaguely worded and seemed to have little substance. There was to be a group in charge of co-ordinating the plan, in which “The federal minister and the Premier shall designate a co-ordinator who will be a senior public officer. These officers, acting jointly, shall be responsible for the general coordination or measures to be implemented under this agreement.”¹⁶⁰ All subsidiary agreements under this general plan were to be implemented and managed by a management committee. This committee was to consist of four members, two of whom were to be appointed federal and provincial chairpersons, and the others were to be appointed by the appropriate federal and provincial departments. Their duties included the coordination of existing federal and provincial policies, providing financial assistance not available under other programs, and dividing costs between the two levels of government.¹⁶¹ One of the other stipulations in the agreement was that there had to be a public information program instituted: “Canada and Prince Edward Island will develop a public information program that will provide, wherever possible and in a manner satisfactory to the Federal Minister and the Premier, for the permanent and continuing recognition of the respective contributions of Canada and Prince Edward Island under this Agreement and under any Subsidiary Agreement.”¹⁶²

¹⁵⁹Ibid., 3.

¹⁶⁰Ibid., 4.

¹⁶¹Ibid., 5.

¹⁶²Ibid., 5.

Unfortunately, such an arrangement seemed to be politically motivated and did not address the issues involved or the important information the public would require.

There were a number of reasons why the governments of the time felt that the province required some sort of a development initiative. Government funds had become the cornerstone of the provincial economy. An illustration of this is the fact that total government expenditure in P.E.I. was 762 million in 1981, or 86.8% of G.P.P.¹⁶³ As well, the absolute dollar gap per capita between Prince Edward Island and the rest of Canada had increased from \$450/capita in 1968 to \$1400/capita in 1980.¹⁶⁴ Despite these problems, there was a general feeling that the province could survive if it would concentrate on the sectors in which it had a comparative advantage. Once again, this involved natural resource industries such as farming, fishing and tourism.

A Canada-Prince Edward Island Subsidiary Agreement on Fisheries Development was drawn up in 1984 and was to run until March 31, 1989.¹⁶⁵ The objectives and implementing structure were the same as those already outlined for the Canada-Prince Edward Island Economic and Regional Development Agreement. The purpose of the plan was to help co-ordinate federal and provincial programs within the fishery. In other words an attempt was to be made to make sure initiatives at both levels of government were working in a complementary manner. Some of the objectives included increasing the

¹⁶³Ibid., 1.

¹⁶⁴Ibid., 2.

¹⁶⁵Canada-Prince Edward Island Subsidiary Agreement on Fisheries Development, (Ottawa: Queen's Printer, 1984), 2.

economic benefits received from the resource, increasing the value of the fish through higher quality products, decreasing the individual costs associated with fishing, and increasing the importance placed on new industries such as aqua-culture.¹⁶⁶ The agreement outlined the ways in which these objectives could be met. One of the most important things the planners on both sides of the fishery identified was the limitations that were evident in the fishing industry. Planners realized that the size of the resource stock was not going to increase so the objectives would have to be met in other ways. In the comprehensive development plan and other development initiatives, one of the major problems was that planners and decision makers did not realize the limitations in some of the sectors with which they were dealing. However, in the fishery this did not seem to be a problem.

This was to be done through the use of improved harvesting techniques. For example, some fishing vessels were doing primary processing on the boat. The government was proposing financial assistance to people who wanted to develop this type of expertise. There was also a section that proposed improving the infrastructure used in moving the fish from the vessel to the processing plant. It was thought that this would increase the quality of the final product. After successfully implementing these quality control measures, planners felt that the markets the Prince Edward Island fishery serviced could be expanded.

The fact that the planners were able to recognize the future problems and limitations of the industry allowed the document to address the relevant issues. The document was also precise in the figures and the monies that would become available in each section of the plan.

¹⁶⁶Ibid., 1.

For example, the federal fisheries development programs totaled seven and a half million dollars.¹⁶⁷ Of this total, two million went to resource development, another two million to harvesting, another two million to infrastructure, another million to implementation, evaluation and information and the final five hundred thousand went toward pilot projects and industrial development.¹⁶⁸ The program was well organized and the money was evenly spread out through the target areas.

There was an increase in the value of the fish which would have to be partly attributed to a better quality product. From 1984 to 1989 the value of lobster increased from 169.7 cents per pound to 217.0 cents per pound.¹⁶⁹ The fishery in general became more valuable and efficient with this agreement. The harvesting techniques appeared to work well as the weight in pounds harvested increased to 156.2 million in 1990 from 116.3 million pounds in 1983.¹⁷⁰ This could, at least in part, be attributed to improved harvesting techniques.

Several programs were introduced to aid in the development of the Prince Edward Island fishery. For example, there was a technology training program that included an

¹⁶⁷Ibid.

¹⁶⁸Ibid., 4-5.

¹⁶⁹Province of Prince Edward Island, "Sixteenth Annual Statistical Review 1989, (Charlottetown: Prepared by Economics, Statistics and Fiscal Analysis Division, Department of Finance 1990), 58.

¹⁷⁰Province of Prince Edward Island, Twenty-Third Annual Statistical Review 1996, (Charlottetown: Prepared by Fiscal Management Division Department of the Provincial Treasury 1997), 51. Province of Prince Edward Island, "Eleventh Annual Statistical Review 1984, (Charlottetown: Prepared by Economics, Statistics and Fiscal Analysis Division Department of Finance and Tourism, March, 1985), 43.

agreement between the Department of Fisheries and Holland College to provide the necessary funds to hire an instructor to teach fishing technology courses.¹⁷¹ In 1986 another initiative called the Fisherman's Quality Enhancement Program was designed to provide an incentive of 10% of the value of Grade A groundfish sold to a P.E.I. processor.¹⁷² Aquaculture in the area of mussels and trout was promoted after the agreement. The Aquaculture incentive program provided mussel growers with up to 1,000 buoys to start their operation.¹⁷³ Trout operations were given the opportunity to borrow up to \$2,000 for any part of their operation they wanted and they were also eligible for 500 free immature trout.¹⁷⁴ Aquaculture became a significant employer in the province by employing 130 individuals in 1986.¹⁷⁵ Unfortunately, trout have not made the impact that it was initially believed they would. The number of pounds harvested dropped from 37,000 in 1985 to 30,000 in 1989.¹⁷⁶ The value also decreased from \$77,700 in 1985 to \$67,500 in 1989.¹⁷⁷ On the other hand, mussels have become an important part of the Island fishery. The number of pounds

¹⁷¹Prince Edward Island Department of Fisheries Annual Report, (Charlottetown: produced by the Department of Fisheries, 1986), 19.

¹⁷²Ibid.

¹⁷³Ibid., 22.

¹⁷⁴Ibid.

¹⁷⁵Ibid., 20.

¹⁷⁶Prince Edward Island Department of Fisheries Annual Report, (Charlottetown: Produced by the Department of Fisheries 1986, 1989), 11, 12.

¹⁷⁷Ibid.

harvested increased from 1, 022, 242 in 1985 to 3, 176,931 in 1989.¹⁷⁸ The value of these landings increased from \$562,200 in 1985 to \$2,383,000 in 1989.¹⁷⁹ Thus, the ERDA agreement was successful in introducing new products to the province's fishery.

Another important aspect of the Prince Edward Island economy was addressed under the general ERDA. This subsidiary agreement on tourism development was to run from June 13, 1984 to March 31, 1989.¹⁸⁰ The objectives matched those of the original agreement and the implementing procedures were also the same as those outlined in the original ERDA. Schedule A looked at four different areas. These included market and product research, marketing assistance, product development and evaluation. The document clearly outlined the ways in which the objectives of the plan would be met. These included visitor count surveys, market segment research, pre-and post-testing of promotional campaigns and product studies.¹⁸¹ Program B looked at offering marketing assistance to interested parties. The types of things that would be subsidized included editorial material in newspapers, target marketing, convention and business meetings and off-island incentive advertising.¹⁸² Program C was to look at product development in the tourist sector. This included package development, tour development, festivals, events and attractions, major projects and visitor

¹⁷⁸Ibid., 12, 13.

¹⁷⁹Ibid.

¹⁸⁰Canada-Prince Edward Island Subsidiary Agreement on Tourism Development, (Ottawa: June 13, 1984), 1.

¹⁸¹Ibid., 2.

¹⁸²Ibid., 1.

services.¹⁸³

To extend the tourist season they increased the promotion of fall and winter activities such as golf and snowmobiling. The planners continued to work on the Island's strengths to increase the expenditures of tourists while here. There was also emphasis on increasing the amount of traffic the Island would see each summer. The number of tourist parties increased from 187,700 in 1984 to 216,442 in 1989, which indicates that the objectives were met. Perhaps the most noticeable difference occurred in the amount spent by tourists when visiting the province. In 1984 tourists spent \$54.2 million dollars on Prince Edward Island and this figure stood at \$98.3 million dollars in 1989.¹⁸⁴ In this respect, the tourism planners were successful in increasing the amount of money left in the local economy. They were also successful in keeping intact the appealing features of the Island. This was done through the use of strict municipal by-laws and an overall commitment to Prince Edward Island's culture. The agreement was successful in meeting at least some of the other goals it mentioned. Exit surveys were introduced to the tourist industry in 1988.¹⁸⁵ Market segment research was used to develop the Japanese market between 1984 and 1989. In 1988 there was also a market segment research survey concluded on the New England market. It included previous travel patterns and lifestyle characteristics and attempted to discover what

¹⁸³Ibid., 5.

¹⁸⁴Province of Prince Edward Island, Fifteenth Annual Statistical Review 1988, (Charlottetown: Prepared by Economics Statistics and Fiscal Analysis Division Department of Finance 1989), 59.

¹⁸⁵Prince Edward Island Department of Tourism and Parks Annual Report, (Charlottetown: produced by the Department of Tourism and Parks, 1988), 11.

tourists enjoyed on a trip.¹⁸⁶ This was done in order to provide the department with information that would aid them in luring New Englanders to the Island. Package deals were set up with various companies including Fiesta Holidays and Air Canada, to name two.¹⁸⁷ By 1989 the province had also improved the services it offered to off-island visitors. For example, a dial-the- Island service was set up to provide information and reservation services to the general public.¹⁸⁸

One of the more interesting agreements signed under the general development agreement dealt with the Canada-Prince Edward Island Interim Industrial Competitiveness Assistance Subsidiary Agreement. This document was signed on September 13, 1985, and had various objectives: “to improve the competitive position of business enterprise; to maintain jobs; to maintain and enhance markets; to maximize benefits from industrial development by ameliorating the substantial impact of the cost of electrical energy on the competitive margins of business enterprises on Prince Edward Island.”¹⁸⁹ In order to meet these goals various programs were set up by 1990. These included Technology Development and Acquisitions, the Strategic Development Program , the Opportunity Development Program and a Strategic Opportunities Program.¹⁹⁰ Table twelve shows an attempt by the

¹⁸⁶Ibid.

¹⁸⁷Ibid.

¹⁸⁸Ibid.

¹⁸⁹Canada-Prince Edward Island Interim Industrial Competitiveness Assistance Subsidiary Agreement, (Ottawa: September 13, 1985), 1.

¹⁹⁰Department of Industry Annual Report, (Charlottetown: Produced by the Department of Industry 1990-91), 22.

province to increase the competitiveness of small business enterprise on Prince Edward Island.

Table 12.¹⁹¹ Small Business Enhancement Program Summary May 25, 1984 to March 31, 1991

County	# of Proj. Approved	Manufacturing & Processing New	Modernize	Processing Expans.	Service New	Sector Exp.	Projected New Jobs	Amount	Average Cost/Job	Average Project
Kings	140	21	1	81	13	24	298.5	\$1.7m	\$5641	\$12028
Queens	243	64	1	143	9	26	451.9	2.9m	6425	11948
Prince	190	51	-	99	14	26	374.6	2.4m	6403	12625
	573	136	2	323	36	76	1125	7.0m	6210	12192

One can see from the table above that there were several undertakings that increased the employment outlook in the province. This document was also interesting in that the planners spent so much time on the issue of developing long-term solutions to the high cost of electrical energy. Earlier in this thesis there was a discussion on the Point Lepreau nuclear reactor. If politics had not been a part of the planning process during the comprehensive development plan, the energy problems might have been partially solved.

There were also ERDA subsidiary agreements that looked at other areas of the province's economy. For example, there was a Canada-Prince Edward Island Subsidiary Agreement for Planning that was to contribute money to help the province undertake studies

¹⁹¹Ibid., 25.

on economic development initiatives.¹⁹² Two different plans were completed under the general ERDA that dealt with forestry on the Island, one that would cover the years between 1983 and 1988 and the other that covered 1988 to 1993. These plans looked at the problems industries such as shipbuilding had caused in the forestry sector of the province. The aim of the programs associated with the plan was the establishment of a wood fuel industry in Prince Edward Island.¹⁹³ There was also an agreement that looked at the marketing of the province and its products.

One can see that the agreements resulting from the general development agreement covered a wide array of provincial industries. There was a less centralized tone to these development agreements than there had been in the past. Generally, public opinion had turned against the centralized form of planning and this led to a more decentralized approach. This is evident in the way the provincial Conservative government went about development through the early to mid-1980's. Each sector was given specific attention and was to develop independently of the other areas. The general development agreement did have some effect on economic indicators. Prince Edward Island's gross domestic product increased from \$1,319 million in 1984 to \$1,911 million in 1989.¹⁹⁴ However, some of the same problems

¹⁹²Canada-Prince Edward Island Subsidiary Agreement For Planning, (Ottawa: Queen's Printer, June 13, 1984), 1.

¹⁹³Canada-Prince Edward Island Forest Resource Development Agreement, (Ottawa: Queen's Printer, July 24, 1983), 14.

¹⁹⁴Province of Prince Edward Island, Twenty-Third Annual Statistical Review 1996, (Charlottetown: Prepared by Fiscal Management Division Department of the Provincial Treasury 1997), 24.

earlier development efforts attempted to correct were still evident. For example, federal government transfer payments to the province rose from 351 million in 1985 to 461 million in 1989.¹⁹⁵ Prince Edward Island's per-capita personal income rose only slightly as a percentage of the Canadian average. It was 70.6% of the national average in 1985 and rose to only 72.4% of the national average by 1989.¹⁹⁶

Another political philosophy appeared in the province with the election of a Liberal government led by Joe Ghiz in 1986. There were three areas that had the potential for economic development. Robert Morrissey outlined these as including Slemon Park, potato processing, and the possibility of a bridge to connect Prince Edward Island with the mainland.¹⁹⁷ Once again there was a pro-active movement in the area of economic development in the province and with this came a more comprehensive form of planning.

After its election victory of 1986, the provincial Liberal government was dealt a blow on April 27, 1989, when Finance Minister Michael Wilson announced the closure of seven Canadian Forces bases. One of these was C. F. B. Summerside. The province was now faced with a major re-development project. Summerside could not really be identified as a single industry community, but it was dependent on C.F.B. Summerside for a number of reasons. The loss of jobs and the movement out of the community has left a lasting

¹⁹⁵Province of Prince Edward Island, Seventeenth Annual Statistical Review 1990, (Charlottetown: Prepared by Economics, Statistics and Fiscal Analysis Division Department of Finance, 1991), 23.

¹⁹⁶Ibid., 22.

¹⁹⁷Robert Morrissey, Former Minister of Economic Development and Tourism on Prince Edward Island, Interview by Author, Tignish, P.E.I., 11 June, 1997.

impression on this part of the province.

The economic effects of the base closure were obvious. Whenever a province and a community lose the services of an operation with a replacement value of \$220, 750, 000 and an additional \$40,000,000 in payroll, the economy will be drastically affected.¹⁹⁸ In fact, as Robert Morrissey said, “Every economist said Prince Edward Island would no longer remain a state; it would become bankrupt because of the loss of C. F. B. Summerside.”¹⁹⁹ This seems to be a rather dramatic statement especially for a province rich in natural resources. However, there is no doubt that this was a blow to the Prince Edward Island economy.

During a period when the government was focusing on job creation, the estimated loss of 945 military jobs and 352 civilian jobs left the work force in a bleak position.²⁰⁰ An estimated 1600 indirect jobs were also associated with the base operation.²⁰¹ Such a closure also affected some of the local businesses in the surrounding areas. For example, the food procurement industry now was without one of its largest consumers. This certainly would affect the viability of such businesses. Obviously the province was faced with a major redevelopment that would in many ways determine the future of the province.

¹⁹⁸The Future is Now, Video produced by Points East Productions, Halifax, N.S.

¹⁹⁹Robert Morrissey, Former Minister of Economic Development and Tourism on Prince Edward Island, Interview by Author, Tignish, P.E.I., 11 June, 1997.

²⁰⁰Ron Crozier, “McMaster Professor Questions Accountability of Slemon Park,” Journal Pioneer, (Summerside, October 13, 1992), 1.

²⁰¹ Mike Carson, “No Surprises, No Thrills From Announcement,” Charlottetown Guardian, (Charlottetown, January 17, 1991), 3.

How would the province go about replacing what the base closure had taken away?

The federal government, which had been under immense pressure from the local media, came out with a three-pronged approach to stabilize Summerside for both the present and the future. The first of these three prongs called for substantial community involvement in the restructuring phase. This became a reality with the establishment of a number of different agreements, the first coming during the month of December, 1989, when the community signed an industrial adjustment service agreement with the Minister of Employment and Immigration, Barbara MacDougall. This agreement was followed with another in February, 1990, when Summerside agreed to become a participant in the Community Futures Program. The final step in completing the first stage occurred when a community advisory committee was established under the guidance of David Loggie, a local business man.

The second phase called for the establishment of substantial federal government involvement in the process. This was initiated by the federal government with the announcement that Summerside would be awarded the federal Goods and Services Tax Center. This would eventually create approximately 500 jobs over a two year period.

The third and final stage was the one that the federal government stressed as being important to the well being of the province. This called for the involvement of private sector business in the rebuilding process. Government officials felt by doing this they would cut down on the amount of federal government support which would ultimately make the business section of the restructuring more viable. This was supported with the establishment of a joint federal-provincial committee in 1989. This committee appointed a consultant to create a private sector development strategy.

As a result of the consultant's advice, the Slemon Park Corporation, a locally controlled private sector corporation, was established to take over the assets of C.F.B. Summerside in March of 1990. This group of twenty-four full time employees was to come up with new uses for the Summerside military base. The money to carry out the intentions of the corporation came from ACOA (10million), the federal government (6.4 million) and the provincial government (5million).²⁰² The Slemon Park Corporation started an aggressive campaign to find uses for the facility and to try to attract business to the area. One of the first successes was the introduction of the Summerside Aerospace Center. The SAC is a fly in-fly out maintenance center for narrow bodied commuter aircraft. Two different companies have occupied the facility since its inception. Atlantic Turbines Limited has established fifty highly skilled jobs and Bendex Avelex Incorporated has added to this total. In addition to the SAC there had to be other advances in order to make up for the losses associated with the base closure. The Slemon Park Corporation was successful in luring the Allan Andrews Hockey Growth Programs to the area. This may have seemed like a minor addition, but an economic impact study found that these programs added one million dollars to the local economy.²⁰³ In addition, the Atlantic Police Academy and the School of Justice moved to Slemon Park in January, 1993. The director of the Police Academy and the principal of the School of Justice, Ron Riley, felt that although the Police

²⁰²Ron Crozier, "McMaster Professor Questions Accountability of Slemon Park," Journal Pioneer, (Summerside, October 13, 1992), 1.

²⁰³Darlene Shea, "Summerside P.E.I. Plays Hardball and Bounces Back With Slemon Park," Atlantic Lifestyle Business, Vol. 3, No. 2, 1992, 25-26.

Academy might not grow much because of government cutbacks, the Justice Institute would be self-supporting and could grow.²⁰⁴ Fourteen full time positions were created, and Riley felt that the economic spinoffs could total as much as \$6,000,000 annually.²⁰⁵ All of these additional attractions have helped to fill the void left by the closing of the base, although the Police Academy is now in some danger as Nova Scotia may withdraw its support in favor of establishing its own training program.

The Slemon Park Corporation has actively continued to seek out additional businesses. Their success has continued with the opening of the Small Fry Snack Foods plant and the Testori Americas Corporation, which manufactures airline interiors. Together, these companies have helped to diversify the type of industry that is present in Slemon Park and they have also added an estimated 200 jobs to the local economy. As well Testori Americas continues the aerospace theme that exists because of the SAC.

Community members and the town of Summerside are not the only people who should receive recognition for the redevelopment of Slemon Park. The federal and provincial governments along with ACOA inserted large amounts of money into this project, and without their financial support, none of this would likely have succeeded. The Prince Edward Island government went even further in this respect when it agreed to waive all provincial income taxes, sales taxes and property taxes for aviation and aerospace firms until

²⁰⁴Darlene Shea, "School of Justice, Police Academy Opened by Premier Callbeck," Journal Pioneer,(Summerside, February 19, 1993), 1.

²⁰⁵Ibid.

the year 2013.²⁰⁶ As Barbara MacDougall, then Minister of External Affairs, said, “The success of this effort should be a model to the rest of the country. It shows what people can do if they unite and work together for a common goal.”²⁰⁷ There was also a feeling of accomplishment within the provincial government. Robert Morrissey, the former Minister of Economic Development and Tourism, called Slemon Park “...the shining light of re-development in the Canadian context.”²⁰⁸ The success of this project and the recognition the province has received have instilled a feeling of confidence in the area of economic development within the province.

Another major development effort involved the building of the fixed link which would connect Prince Edward Island with the rest of Canada. The Liberal government under the leadership of Premier Joe Ghiz held a plebiscite in 1989 to gauge whether the people of the province wanted a bridge. Results of the vote were in favor of the bridge with approximately sixty per cent in favor of the project, while the other forty per cent opposed such an undertaking. There was a political movement at the provincial level for a bridge, but there was also strong support at the federal level. Unlike the previous Liberal governments that were in favor of centralized control of federal programs, crown corporations, and federal economic initiatives, the Conservatives, under Mulroney, promoted privatization. This was

²⁰⁶“Welcome to the Tax Free Zone,” promotional booklet produced by the Slemon Park Corporation, 1.

²⁰⁷Ron Crozier, “McDougall Sees Bright Future for Summerside,” Journal Pioneer, (Summerside, November 10, 1992), 1.

²⁰⁸Robert Morrissey, Former Minister of Economic Development and Tourism on Prince Edward Island, Interview by Author, Tignish, P.E.I., 11 June, 1997.

certainly one of the major reasons for a private-public partnership to build the bridge.

The provincial government managed the process well by calling a plebiscite to gauge the public will to proceed with the project. As well by making the bridge construction a private-public partnership, the federal government avoided much of the negative press that might have been associated with the agreement. Strait Crossing Incorporated, rather than the government, had to prove to the people of Prince Edward Island that the bridge was viable. On the other hand, federally the government did face some public scrutiny with regard to the subsidy issue; Ottawa was going to subsidize Strait Crossing Incorporated \$42 million annually and this was double the amount they had been subsidizing Marine Atlantic.²⁰⁹ This represented a substantial amount of money when one considers that this was to continue for 35 years.²¹⁰ The maximum life of the bridge is estimated at 100 years and many questioned why the federal government would take over the bridge just when it would start to require major repair.²¹¹

Was the fixed link a successful tool in the development efforts of Prince Edward Island? The economic benefits from the project were evident in the creation of almost 2500 person years of employment throughout the life of the project.²¹² The project had substantial

²⁰⁹Ian G. Johnston, The Politics of the Link, (Halifax: Saint Mary's University April 1995), 98.

²¹⁰Ibid.

²¹¹Ibid.

²¹²Fixed Crossing Business Opportunities Study. Prepared for the Greater Charlottetown Chamber of Commerce and the Greater Summerside Chamber of Commerce, (Charlottetown: Coopers and Lybrand, January 16, 1992), 15.

spinoff effects for the province. For example, the fabrication yard established in Borden employed some six hundred people.²¹³ This was another positive influence for creating employment after the closing of the Summerside military complex.

Any economy that is to be viable and self-sustaining would require an efficient mode of transportation. This was certainly one of the rationales behind the desire to build a bridge from Prince Edward Island to New Brunswick. There was the promise of rewards in the area of tourism and industrial expansion after the completion of the project. Whether or not these promises become a reality will only be truly known in ten or fifteen years. However, the increase in the number of tourists visitors to P.E.I. from 778,000 in 1996 to 1,238,300 in 1997 suggests that the tourism industry is being rewarded.²¹⁴ The projected increase to 1.4 million in 1998 also indicates the expansion the tourism industry is undergoing.²¹⁵ One must temper this optimism, however, with the fact that some of these visitors may not stay as long, now that Prince Edward Island is so easily accessible.

Confederation Bridge provides the province with an efficient transportation link with the rest of Canada. This transportation issue has been one of the most talked about in the history of the economic development of Prince Edward Island. The Royal Commission on Canada's Economic Prospects mentioned the inefficiency of the ferry service and many of the development initiatives since have discussed the same idea. This concern has been

²¹³Sally Cole, "Benefits Plentiful with Link," Charlottetown Guardian, (Charlottetown, February 1, 1993), 3.

²¹⁴"Economic Impact- Tourism '97, Research Division, Enterprise P.E.I."

²¹⁵Ibid.

remedied with the completion of the Confederation Bridge, and there is hope some of the economic constraints that existed have also been loosened.

The future of the economic development of the province now lies in the hands of the present Conservative government led by Premier Pat Binns. Once again, there has been a change in ideology from the big business, big project approach of the Liberal government to the community-oriented vision of the Conservative government. The priorities of the new government are in the areas of “education, health care, communities and job creation.”²¹⁶ It would appear that the emphasis of the newly formed government is in the area of community economic development. For example, Premier Binns indicated, “...that it was their intention to build strong communities across Prince Edward Island.”²¹⁷ This was supported by the emphasis on the government department known as Community Affairs. There is a parallel between these objectives and those of past Conservative governments in Prince Edward Island. For example, Angus MacLean was a strong proponent of a community-based province.

The objective behind such a philosophy is to promote long-term economic development at the community level. If this can be done, there is a better chance that communities will become self-reliant. As the communities of Prince Edward Island become more self-sufficient, hopefully the dependence on federal transfer payments will decrease. As Premier Binns said, “Ideally we would not be a so-called have-not province, but would

²¹⁶Pat Binns, Premier of Prince Edward Island, Interview by Author, Charlottetown, P.E.I. 29 July, 1997.

²¹⁷Ibid.

be able to carry our own weight.”²¹⁸ If this is to take place the provincial government will have to continue the current trend of decreasing the transfer payments from the central government. The transfer payments have fallen from \$448 million in 1993 to a figure of \$412 million in 1995.²¹⁹ Much of this is due to federal cutbacks, but there is some hope that self sufficiency has made a difference as well. The present government hopes that community development will stem the tide towards the consolidation of resources in a few sectors or in the hands of a few.²²⁰ There is a feeling within the new provincial government that the tendency towards big business has consolidated the financial resources of the province into such things as potato processing. The emphasis on potatoes is seen in the increased number of acres that are now planted in crops. For example, in 1986, 386,715 acres were used for crop production while in 1996 that figure increased to 420,971 acres.²²¹ At the same time the number of acres used for all other purposes has continued to fall.²²² Premier Binns also sees education and health care as two of the primary ingredients to having a successful community; by concentrating on these areas the government is also

²¹⁸Ibid.

²¹⁹Province of Prince Edward Island, Twenty-Third Annual Statistical Review 1996, (Charlottetown: Prepared by Fiscal Management Division Department of the Provincial Treasury 1997), 21.

²²⁰Pat Binns, Premier of Prince Edward Island, Interview by Author, Charlottetown, P.E.I. 29 July, 1997.

²²¹Province of Prince Edward Island, Twenty-Third Annual Statistical Review 1996, (Charlottetown: Prepared by Fiscal Management Division Department of the Provincial Treasury 1997), 47.

²²²Ibid.

working towards its long-term objective of making Prince Edward Island's communities self-sufficient. To this end, Premier Binns has announced that Prince County will receive a new hospital and construction has been started on a new school in the city of Summerside.

The Conservative government also sees hope in the area of technology. With the globalization of the world economy and the advances in technology, business interests should be able to operate from within Prince Edward Island. This fact coupled with Prince Edward Island's refusal to join the rest of the Maritimes in the acceptance of the HST should attract business interests to the province. In education, the government plans to make use of video-conferencing to enable the students of even the smallest schools to receive the best education possible.²²³ The rapid transition of technology has the provincial government thinking positively about the economy of Prince Edward Island.

²²³Pat Binns, Premier of Prince Edward Island, Interview by Author, Charlottetown, P.E.I. 29 July, 1997.

CHAPTER FIVE

CONCLUSIONS

Over the last forty years Prince Edward Island has had a varied history in economic development. The 1969 plan was comprehensive in nature but in the years following the completion of this plan there was a period of more decentralized economic development in the province. Although, by the late 1980's, more comprehensive development efforts were once again in vogue, today the approach has reverted to more decentralization with the adoption of a community-oriented strategy.

There appears to be an identifiable pattern through the years of development planning in the province. This pattern follows the philosophies of the two major political parties. While some citizens may be skeptical about actual differences between Liberals and Conservatives, there is definitely evidence of considerable philosophical differences in the area of economic development.

The Liberal philosophy has leaned toward big business and large projects as the way to promote economic development. For example, the Comprehensive Development Plan and the Confederation Bridge are two of the largest projects ever undertaken in the Canadian context. On the other hand, the Conservative approach relies on communities as the focus of the development objectives. Conservative premiers Angus MacLean and Pat Binns have stressed community-based economic development. At present, the Conservative Binns government is trying to slow down school consolidation, hospital consolidation, and land consolidation in an attempt to strengthen local communities.

Have these differing approaches been successful? The Liberal government that

established the 1969 Comprehensive Development Plan and was responsible for its implementation until 1979, realized that something had to be done to bolster economic development in the province. As Premier Campbell said, “Prince Edward Island, when I became premier in 1966, faced bankruptcy and was barely able to pay for the services in place and had no financial flexibility whatsoever.”²²⁴ For this reason the Liberals embarked on one of the most comprehensive development initiatives in the history of Canada. This plan covered all aspects of the Island economy and affected many aspects of the social structure of the province. Perhaps, the most limiting factor, in terms of the program’s effectiveness, was that it was not carried out as originally intended. As well, the government that implemented the plan did not last the life of the initiative. However, Premier Campbell was successful in many ways: there was an influx of capital into the Island economy; the staple industries became more progressive, efficient and competitive; the education system was reformed. Unfortunately there were some disappointments. For example, the dependence on federal transfers meant that the province was not yet self-sustaining and could still be considered a dependent area. As well the plan did nothing to improve the employment rate in the province. In spite of this, this writer believes that the Comprehensive Development Plan of 1969 was necessary and without it, Prince Edward Island would have been more underdeveloped, more impoverished and less competitive than it is today.

By 1980, the Conservative government of Angus MacLean felt that it should

²²⁴Alexander B. Campbell, Former Premier of Prince Edward Island, Interview by Author, Stanley Bridge, P.E.I., 10 July, 1997.

change the focus of economic development. MacLean wanted to protect the communities which he felt were the cornerstone of Island culture. A different approach was used by MacLean's successor, Conservative Premier Jim Lee when he signed the General Development Agreement on June 13, 1984. Sector specific plans were now going to be used rather than a comprehensive structure including all aspects of the economy. This type of planning lasted until the Liberal party gained power in 1986. Again, there was an aggressive approach to development planning; the Liberals supported the expansion of the Cavendish Farms potato processing plant, the major re-development of Slemon Park and the ambitious project of completing Confederation Bridge. Some time must pass before one can evaluate these projects, but this writer believes that the Slemon Park development has certainly been successful in compensating Summerside for the loss of jobs and money after CFB Summerside closed. The Slemon Park development, combined with the regional tax center, has once again made Summerside a viable community. Moreover, one cannot question the infusion of money and jobs into the provinces economy during the construction of Confederation Bridge. The figures also indicate a dramatic increase in numbers of tourists and tourist spending since the construction of the bridge. However, one can not ignore the loss of jobs at Marine Atlantic and the increased competition for Island retailers now that Prince Edward Island is connected to New Brunswick.

In 1996 a Conservative government again took office. During the election campaign, the party platform included statements on community economic development. This represents the beliefs of the premier who studied rural and small town planning.

Premier Pat Binns, has pledged to keep the remaining small schools of Prince Edward Island open, and to concentrate on health care systems in order to strengthen the community base of the province. This is illustrated by the construction of the new Athena School in Summerside and the promise of a new hospital for Prince County. This government is also showing some concern for the environment by making plans to deal with buffer zones along water ways and passing legislation to limit the number of acres of land that farmers and corporations can own. On the other hand, the present government has also seen the necessity to be competitive, especially with the easy access to the mainland created by the bridge. For example, the Binns government has given financial assistance to a combination of six fish canneries; these six canneries will form one corporation and hopefully be more competitive with processors in other provinces. The success of this government's initiatives can only be judged by future researchers.

While Island political parties have had different philosophies about some aspects of economic development, the tourism industry is one area where both political parties have adopted a generally uniform approach to development planning. Successive governments have generally been in agreement on what has made Prince Edward Island a tourist haven; both agree that tranquility, pace of life and pastoral scenery make the Island a desirable destination. Fortunately development planners realized this dating back to the Comprehensive Development Plan. Planners realized that the province had to develop in a manner complementary to the positive attributes that were available in the province.. This strategy appears to have been successful, as the economic benefits from tourism continue to grow.

Another industry that has done well in the province is the lobster fishery. For example, the dollar value of all the lobster harvested in 1978 was \$16,648,676.²²⁵ The total value of lobster landings had increased to \$65,847,731 by 1996.²²⁶ This is partially because fishermen have realized the limited resource with which they are working. In the Canada-Prince Edward Island Subsidiary Agreement on Fisheries Development, the parties write, "No significant expansion in the resource base available to Prince Edward Island vessels is anticipated in the short-run and opportunities for economic development lie principally in securing increased net revenue from existing resources through Aquaculture, shellfish and other resource development."²²⁷ Because of this realization, the fishery has been able to license and limit entry of new fishermen into the industry, and, while this has limited the lobster fishing, it has also made it a sustainable resource.

On the other hand, Prince Edward Island decision-makers and farmers have not so easily realized the limitations that exist in relation to the land. For example, there has been an emphasis on attracting large scale potato processing plants to the province, the latest being the expansion of the Cavendish Farms processing plant in New Annan. These expansions have led to increasing acres under potato cultivation, and clear cutting

²²⁵Province of Prince Edward Island Eleventh Annual Statistical Review, (Charlottetown: Prepared by Economics, Statistics and Fiscal Analysis Division Department of Finance and Tourism 1985), 44.

²²⁶Province of Prince Edward Island, Twenty-Third Annual Statistical Review 1996, (Charlottetown: Prepared by Fiscal Management Division Department of the Provincial Treasury 1997), 52.

²²⁷Canada-Prince Edward Island Subsidiary Agreement on Fisheries Development, (Ottawa: Queens Printer, 1984), 2.

of hedgerows and wood lots. In fact, the acreages in potatoes has increased to the point where former Premier Catherine Callbeck feels that there is no more room for expansion in the potato industry.²²⁸ The former premier probably has a point; the number of acres planted in potatoes has increased from 75,000 in 1990 to 112,000 in 1997.²²⁹ Increasing potato acreages has caused problems with the retention of topsoil, which in turn has decreased the average yield per acre from 290.0 Cwt. in 1992 to 265 Cwt. In 1997.²³⁰ Yet the trend towards bigger farms continues as farmers try to keep up with the demands of the processors.

However, as a province, Prince Edward Island continues to have a pace of life and a landscape that is appealing to people all over the world. Perhaps the change has not been as dramatic as some would believe, but, it is true that "Prince Edward Island could do worse than to approximate the pastoral image of a well-tended and unspoiled garden sustaining spirited communities and an independent way of life."²³¹

²²⁸Catherine Callbeck, Former Premier of Prince Edward Island, Interview by Author, Fernwood, P.E.I., 28 July, 1997.

²²⁹Agricultural Statistics, 1997, vol. 31, (Charlottetown: Published by The Department of Agriculture and Forestry, 1998), table 32.

²³⁰Ibid.

²³¹Judith Adler, "Tourism and Pastoral: a Decade of Debate." Pp. 131-154 in Smitheram, Milne and Dasgupta (eds.), The Garden Transformed Prince Edward Island 1945-1980. Charlottetown: Ragweed Press 1982, 153.

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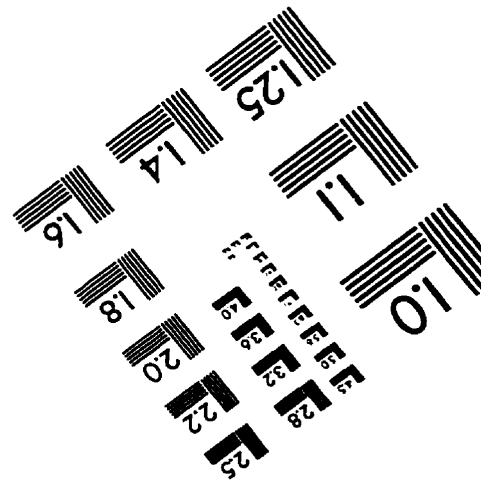
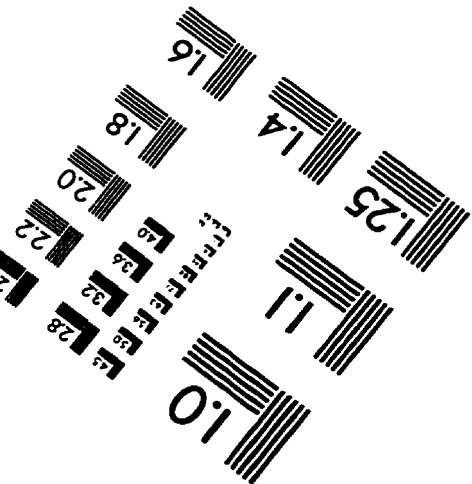
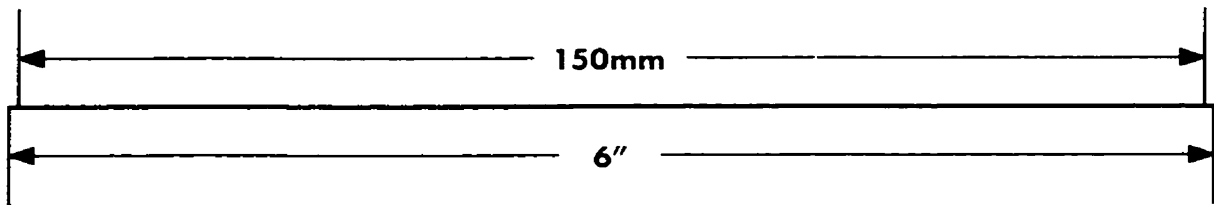
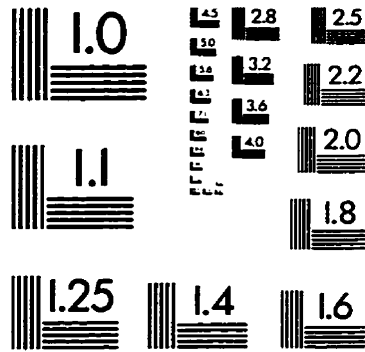
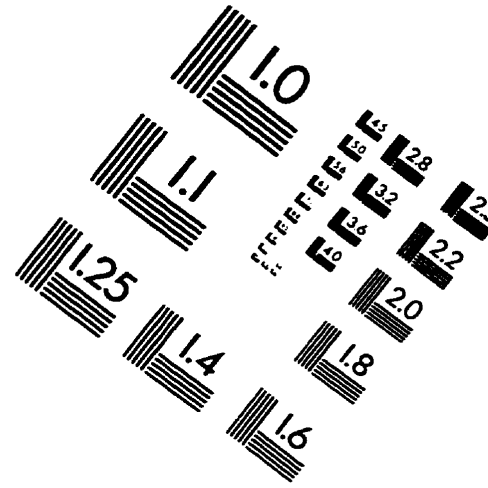
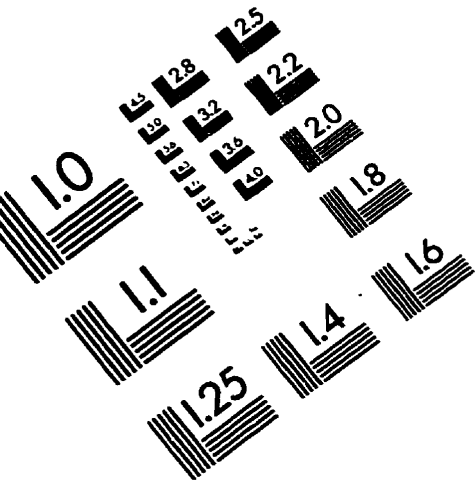
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