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From Carboniferous Capitalism to Call Centres: the Case of Cape Breton

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Introduction

In common with many other centres of industrial development based around coal, iron and steel and associated activities, Cape Breton has gone from boom to bust in the course of a century or so. As a result, at the dawn of the new millennium, the island stood on the margins of a marginalised region in eastern Canada, plagued by a combination of socio-economic and environmental problems resulting from the slow decline and then terminal ending of the coal and steel industries. The population of Cape Breton declined from 170,000 in 1981 to 147,000 in 2001 (Table A1), a fall of over 13%, with the rate of decline accelerating markedly after 1996. The combination of age and skill selective net out-migration in search of employment and better living conditions in urban areas elsewhere in and beyond Canada and declining birth rates has resulted in a marked ageing of a smaller population (Dan White and Associates, 2004, 45): in 1981 almost 45% of the population was aged 25 or less but by 2001 this had fallen to just over 31%. By 2001, the modal age group for men was 45-54 and for women 65+ (Statistics Canada, Census Profiles, 1981 and 2001). A further indication of the deepening of the demographic and labour market crisis in the second half of the 1990s and of continuing age selective out-migration (net out-migration between 1993 and 2001 was in excess of 9,500, with an annual peak of over 2,000 in 1997: Dan White and Associates, 2004, 18; ECBC, 2005, 9) is that there was a sharp decline (over 13%) in the number of couple households without children living at home between 1996 and 2001 as the decline in coal and steel reached its conclusion.

Having grown somewhat in the 1980s, the labour force (defined as the population aged 15 or more years) fell sharply in the 1990s so that by 2001 it was less than it had been in 1981 (to 62,000, down from 66,000: Table A2). Employment in the 1980s remained more or less constant but then also fell sharply in the 1990s so that by 2001 it stood at less than 49,000 compared to almost 56,000 in 1981- a fall of over 12% (Table A3), with significant occupational shifts (Table A4). Employment continued to fall after 2001, as increases- mainly in call centres- were more than offset by losses in other sectors of the economy.

Unemployment peaked at over 25% in 1993. Since then there has been some decline due to continued selective out-migration and some growth in employment. Even so, in 2001 the unemployment rate of 17% compared to provincial rate of 9.7% and national rate of 7.2%. However, the official unemployment rate is at best a half of the “real” rate (Respondent B, interview, 28 May 2004). As such, the unemployment rate only tells part of the story of economic decline and its effects: the labour force participation rate in 2001 was just 52.1%, compared to a provincial rate of 62.4% and a national rate of 66.0%. This implies considerable numbers of people who are economically inactive because of the low level of effective demand for labour in the formal economy as well as for reasons such as poor health and disability. Related to this, there were major differences in the employment rate in 2001: Cape Breton- 44.8%; Nova Scotia- 56.3%; Canada- 61.2%. These figures bear stark testimony to the depressed nature of the mainstream labour market in Cape Breton. A corollary of this is that incomes in Cape Breton are low. For example, in 2001 median family income was slightly less than $40,000 while median lone parent family income was just over $20,000. Median household income in 2001 stood at $34,000 and at $14,000 for one-person households[1].

Before moving to the substantive body of the paper, however, I first want to make a few points about methodology, theory and sources of evidence. As regards evidence, I have made several visits to Cape Breton over the last three years, in the course of which I have collected a substantial amount of 'grey literature' and unpublished reports and talked to many people, some formally interviewed[2], many others talked to less formally in a range of settings (peoples' houses, pubs, foyers in theatres before and after concerts and so on) and spent a fair amount of time just "hanging around", in airport departure lounges and on aeroplanes, especially between Halifax and Sydney, observing who does and says what to whom. In addition I have drawn upon the published literature dealing with development in Cape Breton, although this is relatively limited in amount. Clearly there is no such thing as a simply neutral factual description, unrelated to theory. That said, it is important to emphasise that I am not seeking here to produce a highly theorised account of socio-economic change and development policies in and for Cape Breton- although I have views as to relevant theoretical frameworks that could be deployed in such a task, which I have set out elsewhere (for example, see Hudson 2001; 2005a and b). My aim here is more to give as "thick" a description as is possible on the basis of the evidence gathered to date, with relevant theories and concepts by and large

[1] £1 = around $2.20 Canadian at current exchange rates.

[2] At various times in the period 2003 to 2005 I formally interviewed: John Whalley, Cape Breton Regional Municipality; Rick Beaton, Vice-President, Ken Montgomery, Director General, Economic Development, and Marlene Usher, Director General of Commercial Accounts ECBC; Ross Kennedy, Manager, Cape Breton Region, Nova Scotia Office of Economic Development; Jean Brown, Senior Program Officer, and Patrick Dwyer, Human Resources Development Corporation, Sydney Office; Carla Boutreau, Marketing and Programme Development Director, EDS; and Randall MacSween, President of New Dawn. I am grateful to them for their time and the information they provided. They are only named as identified sources in the text when I have drawn on published information and information in the public domain; in all other cases sources have been anonymised. Doug Lionais and Harvey Johnstone at UCCB were consistently generous providers of hospitality and were also invaluable sources of information and assistance, not least in helping arrange meetings and showing me around Cape Breton and in providing a wealth of information based on living in the place. In addition Harvey Johnstone made detailed comments on an earlier draft of the paper, which helped correct some misconceptions and clarify a number of important points. Finally, I am grateful to Greg MacLeod for several discussions about Cape Breton and approaches to development in a variety of settings, including in his front room over a bottle of excellent Cuban rum.

kept firmly in the background, although no doubt shaping and steering the content and tone of the description.

Given these qualifications, the next section examines the rise and fall of carboniferous capitalism and the coal/steel nexus of the economy. The third section focuses upon policies for industrial diversification and their (in)effectiveness. Next I examine the pre-occupation with the attraction of call centres in the early years of the new millennium and the effects that this has had on the demographic and economic profile of Cape Breton. Then, more briefly, I consider Cape Breton's cultural turn in development policy and the role of tourism, music and culture, before turning to assess the aggregate effects of mainstream economic regeneration and employment creation policies. The limitations of this conception of policy and its limited effects helped give rise to a concern with an alternative model of development based around grassroots initiatives and community businesses and this is the focus of the next section. The penultimate section briefly examines a variety of strategies for 'getting by' that individual and households have adopted as demand for labour in the mainstream labour market collapsed. Finally I seek to draw some conclusions for policy and about the likely future of the Cape Breton economy.

The rise and fall of carboniferous capitalism in Cape Breton and the production of a "culture of dependency"?

Coal mining formed the basis of Cape Breton's economy from an early stage, following initial settlement in 1784, with many of its early settlers forced from Scotland as a result of the Highland Clearances (see Prebble, 1963). In 1826 the General Mining Association (GMA) acquired a monopoly right to mine Cape Breton coal and held this for 30 years. However, from 1857 it focused on the Sydney coalfield, creating scope for other mining companies to emerge. In the 1870s competition from the UK and USA made mining in Cape Breton unprofitable and this led to protectionist legislation and then to the amalgamation of many of the coal companies – but not GMA – to form the Dominion Coal Company in 1893. In 1899 the Dominion Iron and Steel Company was founded in Sydney, using coal from Cape Breton and iron ore from Newfoundland to produce iron and steel. For a while, Sydney and the coal mining settlements around it became boom towns as their populations grew rapidly through immigration in response to burgeoning demand for labour in the coal mines and steel works. Sydney's population grew from 9,000 in 1901 to over 20,000 in 1919, with fresh waves of immigrants arriving from Eastern Europe, Italy, the UK and the West Indies. Cape Breton had become one of Canada's most important industrial regions, based on the coal and steel of carboniferous capitalism, with the industrial area around Sydney harbour one of Canada's fastest growing industrial areas.

However, work in the coal mines and steel works was harsh and wages were low and this led to a series of industrial disputes and strikes beginning in 1909. After a second strike in 1922, Dominion Coal, along with the Sydney steel plant, was sold to the British Empire Steel Company (BESCO), which immediately cut wages by two thirds. An article in the Financial Times of Canada referred to BESCO as "the wickedest company in Canadian history" (see Johnstone and Haddow, 2003). Another wage cut was enforced two years later. In response, the trades unions organised a series of strikes, culminating in the Battle of Waterford Lake in 1925 and the death of one of the miners, William Davis. Following this period of prolonged labour unrest, BESCO was in financial difficulties and in 1928 its assets were taken over by the Dominion Steel and Coal Corporation (DOSCO). For the next 30 years the coal mines and steel works operated with relative stability, with increased demand because of the war economy and post-war reconstruction, and aided by state financial assistance (for example over the costs of transport of coal). Even so, as is inevitable with an extractive industry, coal mines closed throughout this period, often provoking localised labour market crises. For example, in 1953 the two largest and oldest coal mines in Glace Bay closed, with devastating impacts upon the economy of the town (Dwyer, 2001, 10). Such events led to periodic localised protests against closures and calls for the Federal Government to nationalise the mines as a way of guaranteeing the future of the industry. Indeed, "the fact that mines were still operating in the mid-sixties can be directly credited to the tenacity and determination of the local population" while the announcement of the proposed closure of the Sydney steelworks in 1967 led to 20,000 people- 11% of the then total population of Cape Breton- taking part in a "March of Concern" (MacLeod, 1991, 6-9).

In 1965, however, the possibility of a more generalised crisis had emerged as DOSCO announced that the coal mines only had 15 years of life remaining (although this was clearly not a reflection of the physical exhaustion of reserves: see below). A year later a Royal Commission suggested establishing a crown corporation to take over DOSCO's operations, with a view to closing them by 1980. In 1968, DOSCO announced that it would close all its coal and steel activities on Cape Breton, which would have led to 10,000 workers being laid off. This threat brought matters to a head and growing political pressures forced the Federal and Provincial governments to act on the recommendations of the Royal Commission Report. The coal operations were nationalised via the formation of the Cape Breton Development Company (DEVCO). The steel mill was taken over by the province as the Sydney Steel Corporation (SYSCO). Thus in 1968 the Federal and Provincial governments replaced externally-based private-sector companies as the major actors in the economy as Cape Breton became a state-managed region (cf. Hudson, 1989).

DEVCO had a mandate to bring coal mining to an end. However, the oil crises of the 1970s led to an increase in coal production as Nova Scotia Power decided to use coal rather than oil as its primary fuel source and entered a long-term (33 year) contract with DEVCO. In the early 1970s employment in coal and steel fluctuated at around 7,000 but it then fell more or less steadily as both DEVCO and SYSCO slowly but steadily declined, with the pace of decline cushioned by the contract with Nova Scotia Power and large government subsidies.

To add to the economic difficulties, in 1992 a moratorium was placed on ground fishery, leading to hundreds of men losing their source of work, whilst forestry also experienced decline. Thus the major pillars of both rural and urban economies in Cape Breton were all simultaneously adversely affected. However, even as late as the late 1990s, and despite the prolonged run-down and the threat hanging over them, coal and steel were still being presented as core components of the Cape Breton economy in promotional material: "The Sydney Steel Corporation has been an economic backbone of the area for decades [with] 700-750 employees at peak production" while "many of the coastal communities of Cape Breton have developed as a result of the vast coal deposits located beneath the ocean's surface [with over 2.4 bn tonnes of known coal reserves]. Cape Breton Development Corporation (DEVCO) is one of Cape Breton's largest employers with 1,793 people directly involved in the coal industry in Cape Breton" (Cape Breton County Economic Development Authority, 1998, 25).

This was brave talk but it had little solid foundation. As the new millennium approached both Federal and Provincial governments unsuccessfully sought buyers for the coal and steel industries and so the steel plant closed on 19 January 2001 while the last coal mine closed on 23 November 2001. Other than men kept on temporarily to dismantle the steel plant, employment in coal and steel had come to an end in Cape Breton, with the loss of around 10% of total employment, which does not take account of those jobs lost in the long preceding period of decline. The effect was as much a cultural as it was an economic crisis[3], not least because of the "culture of dependence" that some commentators argued had been engendered by the coal and steel companies (via the provision of housing and retail facilities as well as jobs) and the Government via support for the coal and steel industries, transfer payments to those who lost their jobs, and financial incentives to try to attract new private sector investment to Cape Breton. Lotz (1998, 245-6) exemplifies the tendency to represent Cape Breton as trapped in such a culture of dependency in which the people of Cape Breton are complicit as its co-producers:

[3] It is also worth noting that the demise of these industries left a considerable legacy of pollution and environmental dereliction, perhaps best (or worst) exemplified by the highly toxic tar ponds at the former steel works site.

> "For [those who found] work in the mines and mills … 'the company' became the central fact of their lives. It employed them, provided houses and stores, and oversaw almost every aspect of their lives. When the mines and Sydney Steel mill were taken over by government, dependency was transferred to it….Little has been done to break the habits of dependency arising from over a century of reliance by Cape Bretoners on 'the company and 'the government'"

This is seen to have had lasting effects not only in terms of a reliance on government policies and programmes to provide alternative forms of employment once coal and steel disappeared but also on alternative conceptions of community economic development strategies in Cape Breton (see below).

However, it is also important to acknowledge that this conception of Cape Breton as characterised by a culture of dependency is not without its critics. As de Roche (2203, 26) has put it, "imagining Cape Breton as backward and irrational [reflects] a paternalistic estrangement, an 'othering' that constructs a neo-Orientalist discourse within the region". The reading of Cape Breton as blighted by a culture of dependency can be seen to sit uneasily with its history of popular protest, grassroots initiatives and community economic development in the region (an issue which is explored further below). However, given the undeniably uneven character of capitalist development, grassroots activism and a "top down" culture of dependency are not necessarily incompatible.

Industrial diversification and the new policy organisations

Even during the years in which the coal and steel sectors were booming, there was recognition of the need to diversify the economy of Cape Breton, especially in terms of creating jobs for young people who could not find jobs in the mines and steel works. For example, The Glace Bay Board of Trade was established in 1927 with a mandate to promote the economic and social development of the town. In 1935 its President, Johnston Chew, had this to say (quoted in Dwyer, 2001, 8):

> "During the past number of years an ever-growing problem has been the absorption in some industry of the large numbers of young men and women who have never been able to obtain employment and who must be placed in some useful occupation. To solve this problem, new industries must be induced to commence in this town. A thorough study must be made of the situation with a view to definitely determining the number of unemployed who must be placed from time to time and those industries for which the facilities we have to offer would be most suitable. Having determined this, everything possible must be done to make it worthwhile for these industries to establish in this town"

Such initiatives helped create a space for similar organisations that followed in Cape Breton. For example, as the encouragement of industrial diversification began to take on renewed importance from the later 1950s, so too did the issue of new economic development organisations that could facilitate this. Reflecting this, in January 1959 the Cape Breton Island Industrial Development Council was formed, spearheaded by the New Industries Committee of the City of Sydney (Dwyer, 2001, 11). Shortly afterwards, in February, the Cape Breton Island Industrial Development Company was launched, comprising 32 of the local "great and good", prominent local politicians and business men. However, having been launched in a blaze of local publicity, it then quickly sank from view. This exemplified the way in which such initiatives, while often long lasting, remained little more than discursive interventions, with no practical impact in terms of the introduction of a more diverse range of activities. As a result, age and gender selective out-migration in search of work has a long history in Cape Breton.

In this context the formation of DEVCO was of some significance. From the outset it had a dual mandate: to bring coal mining to an end (the task of its Coal Division) while promoting alternative economic development and economic diversification through a subsidiary, the Industrial Development Division (IDD). This sought to attract inward investment via a standard package of financial and other incentives, amounting to around $30 million per annum in the 1980s and 1990s but "at best, the spending would appear to have prevented a bad situation from becoming worse" (Gardner-Pinfold, 2000, 31). However, its attempts to attract major new industrial investment largely failed. Very few new companies invested; even fewer remained for any length of time (for example, Tesma and Stora Enso). Most of the others came and went in short order (for example, Cell-com Technologies, General Instruments, Hewlett Packard, and Technitread).

One of the more bizarre episodes involved a Federal Government decision in the early 1960s to locate a heavy water plant at Glace Bay, with the intention of placing Cape Breton as part of a new nuclear energy economy as the old energy economy of coal declined[4]. The plant was intended to provide 500 well-paid jobs, and for much of its life it did provide around 400. However, it is not without irony that, because of its enormous demands for power, the plant's annual coal consumption of 400,000 tonnes sustained more jobs in the coal mines than were created in the plant itself. However, the effect of this when the plant closed in the 1980s, after twenty years of labour disputes, high levels of absenteeism and employee theft (Dwyer, 2001, 14) was to

[4] There are marked similarities to events in the north east of England in the 1960s, when part of the Government's response to the severe decline of coal mining was to establish a nuclear power station at Hartlepool (see Hudson, 1989).

seriously depress demand for coal from Cape Breton and hasten the demise of the remaining coal mines there.

Nevertheless, the creation of DEVCO and the IDD ushered in an era in which the Federal government sought to play a major role in economic development in Cape Breton and in which the number of organisations involved in economic development mushroomed (see Canmac, 2004, 9-14). In 1984 DEVCO lost its development mandate and the IDD eventually gave way to an independent Federal agency, Enterprise Cape Breton Corporation (ECBC). ECBC has broad powers, with considerable flexibility and legislative authority to develop via its own efforts and/or in partnership with others, activities in any sector of the economy other than coal mining. Typically it provides financing via interest free loans and while the majority of loans are repaid, ECBC will partially forego repayment if agreed job creation targets are met. ECBC has also administered funds in Cape Breton for the Federal government's Atlantic Canada Opportunities Agency (ACOA), which was established in 1987 as the lead federal economic development agency in the Atlantic Provinces, with a mandate to focus on innovation, entrepreneurship and trade, the facilitation of R&D and the attraction of inward investment. In contrast to ECBC and the Cape Breton Growth Fund (CBGF: see below), ACOA is largely programme driven and bound by the parameters that limit investment decisions so that devolving administration of its funds to ECBC considerably increases the flexibility in the ways that these can be deployed. One should note however that the top job at ECBC has been a revolving door. The job of Vice President was successively filled by Pat Bates 1989-91; Charles Cordeau 1991-92; Pat Bates 1992-1995; Max Street 1995-98; Keith Brown 1998-99 (possibly 2000) and Rick Beaton 1999 (possibly 2000)-present. That is no less than six different chief officers in eleven years! It is difficult to maintain continuity in these circumstances. This is important as ACOA has been the major source of public-sector funding for economic development in Cape Breton (as shown below).

In 1995 a further Federally-funded agency, the Cape Breton County Economic Development Authority (CBCEDA) emerged as yet another organisation claiming to take the lead for economic development and regeneration in industrial Cape Breton. About this time a survey was taken of agencies ostensibly mandated to restore the island's economy. The survey results indicated that no fewer than 65 agencies (entities) were seeking to do this. Essentially "saving the island's economy" had become a sector and quite an active one. Even the university subscribed to this way of this thinking. As it stated in its mission statement:

> "The University College of Cape Breton is committed to leadership and support in meeting the educational, cultural and economic development needs of its students and communities" (University Calendar, 1998-99, 13).

Following the closure of the coal mines and steel works, a joint Federal and Provincial one-off development fund of $80m (Canadian)- which was increased by a further $28m in 2000 was put in place to help kick-start the economy. Of this, $10m was ear-marked for a Community Adjustment fund to ease the transition in particular communities. A new agency closely linked to ECBC, the CBGF, was formed in 2000 to administer the new fund. This added a further layer of complication to the web of organisations with responsibilities for economic regeneration in Cape Breton.

Despite- or perhaps because of- the limited effects of their policies, these various organisations nonetheless continued to represent Cape Breton as a very attractive place for business investment. Its attractions were claimed to include (Cape Breton County Economic Development Authority, 1998, 71):

- A highly skilled, trained and motivated workforce. In 2001 over 60% of the population aged 20+ had a high school graduation certificate or higher educational attainment (although this is below the provincial level of 68% Canmac, 2004, 25). In addition it was promoted as a region of docile labour, with a below average propensity to strike (Cape Breton County Economic Development Authority, 1998, 16) and one in which wage subsidies are readily available.
- Strong R&D facilities.
- Economic and commercial partnerships.
- A multitude of mixed-use business and industrial parks.
- Low cost housing and infrastructure.
- Modern cargo and passenger transportation systems.
- A university leading the Atlantic Provinces with transition to work placements.
- Quality of life second to none.

A succession of similar documents has subsequently continued to proclaim the attractions of Cape Breton to business. For example, in 2003 Deloitte and Touche Fantus enumerated Cape Breton's "primary business attractions" as follows:

- "Available high quality workforce offering a wide range of production skills at cost-competitive wages.
- Strong utility infrastructure able to supply the energy needs of heavy manufacturing.
- Favorable transportation infrastructure to facilitate the movement of bulk materials via road, rail and port infrastructure.
- Close proximity to Europe in terms of port access versus other North American location[sic].

- Strong industrial incentive potential to facilitate industrial investment and expansion.
- Pro-industrial and pro-business mindset to attract and secure investment.
- Favorable quality of life attributes, highlighted by a low cost of living, moderate climate, outdoor recreation opportunities and a unique culture/heritage."

While some of these claimed advantages are dubious (for example, in terms of R&D and passenger access), there is no doubt that Cape Breton had- and has- an abundance of people in search of work and prepared to work for modest wages, which enables companies to carefully select their workforces and achieve high levels of labour productivity. As Frank Stronach, Chairman of Magna International, parent company of Tesma[5] (which established a plant at North Sydney in 1987, one of the few branch plants to locate there for any length of time), put it:

> "When Magna looked at setting up a plant in Cape Breton, one of the most notable advantages we found was the attitude of the people: loyal, hard-working and resourceful. That attitude helped make our Cape Breton plant a successful operation that is today shipping quality engineered and manufactured automotive parts throughout the world" (quoted in Cape Breton County Economic Development Authority, 1998, 1).

It is worth noting that Tesma is a non-union plant. Almost 30 years later, another new inward investing company, Cape Breton Castings (CBC) was "like so many others … attracted to Cape Breton because of the excellent workforce" (Fage, 2004a). In the same vein, Dick Gray, Manager of the Imaging and Data Processing Unit of the Sydney Branch, SHL Systemhouse, another inward investor (subsequently taken over by EDS), emphasised that Cape Breton had "a wide range of qualified employees. We were expecting the same level of performance that we get at our other locations but in fact we're getting a higher level here" (quoted in Cape Breton County Economic Development Authority, 1998, 8). Equally, for those fortunate to be in stable jobs and well-paid work the cost-of-living is low and the quality of life is, in some respects, high.

By the start of the twenty first century, the emphasis in policy discourse was shifting away from simply seeking to attract inward investment in any activity that could be attracted. This involved a tentative emerging discursive move towards cluster and/or sector policy, heavily reliant upon state support in a variety of ways, and often unclear as to whether the focus was sectors or

[5] Magna is a major MNC, and Tesma is its global engine transmissions and fuel systems subsidiary. In 2005 Magna employed over 80,000 people worldwide, in 220 manufacturing plants and over 50 R&D Centres. Of these 22,000 people are employed in 62 manufacturing facilities and 8 R&D Centres in Canada. These figures help place Magna's operations in Cape Breton within the context of its global operations and its broader corporate structure and geography.

clusters and as to how the links between sectors and clusters were (mis)understood. For example, over the period 1999/2000-2003/4 the CBGF focussed over 50% of its investment on call centres, automotive parts manufacture and food retail preparation and distribution, a heterogeneous set of activities and sectors seen as strategically important to the economic future of Cape Breton.

Whether this change in emphasis was simply a reflection of and response to developments or was a pro-active move that actually had positive effects in shaping investment patterns remains an open question, but the balance of probabilities suggests the former. Whatever the direction of causation, it was presented as leading to some positive changes. For example, in 2001 the Tesma automotive components plant, on the Northside Industrial Park at North Sydney, announced plans to increase capacity and employment (by 100 to 315) as a result of winning contracts from GM for accumulator and case extension components. Subsequently, Millennium Precision Machining, based in Mississauga in Ontario, established a subsidiary company, Cape Breton Castings and created a new plant to produce aluminium die cast components for a range of customers, including the automobile industry, with a major contract to the adjacent Tesma plant. This state-of-the-art plant would be fully computerised and networked, with its own CAD/CAM and post-casting facilities (ECBC, 2004). CBC claimed that it would create 90 new jobs, with the possibility of a further 100 jobs (Government of Canada, 2003). These were seen as "the type of job we'd like to attract... paying a decent wage" (Respondent A, interview, 26 May 2004)[6], although it was clear that the wage bill would in part by met by the public sector as in 2004 Nova Scotia Business Inc. announced that it would provide a $2.1m annual payroll rebate to CBC in exchange for the creation and maintenance of 90 jobs (Mellor, 2005). However, even with this financial inducement to create employment and in a way that typified the history of unrealised expectations from inward investment projects, by the end of 2005 CBC employed just 32 people, working in three shifts around the clock to maximise the use of machinery and minimise the turnover time of fixed capital invested in the factory. However the plant was still only operating at 25% capacity utilisation with three of the 12 casting machines in operation (Mellor, 2005) in marked contrast to the initial claims that it would be fully operational by July. The low level of capacity utilisation strongly suggests that the plant was unprofitable, leading to ECBC providing further loans to keep the project afloat (see below).

[6] By Cape Breton standards jobs in Tesma are well paid, averaging $55,000 per annum (Respondent C, interview, 27 May, 2004). This is one reason why the level of applications per job there is "unbelievable" (Respondent B, interview, 28 May, 2004)- resonating with the situation in similar regions elsewhere (for example, see Hudson, 1995).

Over the same period ACOA and ECBC focussed on a slightly different- but still very broadly defined- three key economic sectors: “knowledge-based” activities (which would seem to be in practice call centres), manufacturing and tourism and culture. ACOA directed almost 75% of its $88m funding to these sectors, with the latter receiving over 33% of total funding, while ECBC channelled a little more than 50% of its $33m to these sectors, with tourism and culture receiving more than 25% of the total. While it is unclear as to how the different priorities meshed and related to one another, the net result is that of the cumulative total of $160m funding from the three organisations, $42m was allocated to knowledge-based activities (i.e. call centres), $41m to tourism, $29m to manufacturing and $36m to community economic development – the latter almost wholly from ECBC and the Community Adjustment Fund (community economic development is considered further below). At the same time ECBC and ACOA were seeking more precisely to identify and target future growth sectors. Their consultants Deloitte and Touche Fantus (2003) identified three such sectors from an initial starting list of 282 industry groups (essentially NAIC codes). The three were: low technology pharmaceuticals- more precisely packing pills; marine bioceuticals (a reflection of two existing successful ventures in Nova Scotia- Ocean Nutrition and Arcadian Seaplants- which together employed over 200 people); and value-added wood product manufacturers[7]. These activities were thought to pay rather higher wages ($12-14 per hour) than the vast majority of jobs in call centres and as such were seen to be attractive (Respondent C, interview, 27 May 2004). However, by 2005 ECBC was focusing on six priority sectors: tourism; knowledge-based industry; manufacture and processing; oil and gas; agriculture; and acquaculture (ECBC, 2005). Put another way, ECBC was pulling back from its claims as to a more targeted sectoral approach to inward investment and was signalling that any activity that would consider locating in Cape Breton was a priority, as there are very few activities that might locate there that do not fall within its listed priorities.

A further refinement in policy discourse in the early years of the new millennium involved a more explicit focus on cluster policies as opposed to broad sectoral policies- in this Cape Breton was imitating earlier innovations in development policy in many other parts of the world. Once again, there seems some doubt as to the extent to which the emphasis on clusters was a policy initiative or simply a post-hoc rationalisation of developments that reflected personal relations between company managers and/or their attachment to Cape Breton. There had been an earlier attempt at fostering cluster development and implementing the Porter model (see Johnstone and Haddow, 2003). As one of those responsible for economic development

[7] According to Harvey Johnstone, this probably refers to Forrest Insights which has since gone into receivership (personal communication, 2006).

policies in Cape Breton put it, they were "hoping for a bit of a clustering effect" (Respondent A, interview, 26 May 2004). Regardless of the precise web of cause and effect, cluster policies came to focus on three sets of activities. One of these was automobile components as Tesma persuaded one of its suppliers of dye cast blanks to re-locate from Ontario and establish Cape Breton Castings (CBC). The co-location of CBC next to the Tesma plant, and the contract from the former to supply the latter, was seen as "an innovative addition to an emerging cluster in Cape Breton's manufacturing sector" (Fage, 2004a) that "allows us to begin creating a cluster of high end manufacturing facilities on the Northside" (Mark Eyking, MP for Sydney Victoria, quoted in ECBC, 2004). As such, it was also seen as the justification for continued investment in the CBC plant, despite its failure to meet its agreed job creation targets. In September 2005 ECBC loaned CBC a further $5.7m, bringing its cumulative loans to the company to more than $20m- or around $870,000 per job created. When asked why ECBC was investing so much in CBC, Vice-President Rick Beaton responded:

> "What I can say is when you're trying to build a small cluster in the automotive sector then it is going to cost you more money. To bring a call centre was $11,000 to $13,000 a job, I believe. When you're dealing with automation and the most sophisticated and innovative machinery in the world, you don't get it for a dollar. People said they wanted higher end jobs".

Bioceuticals and pharmaceuticals provide further manufacturing examples of incipient cluster formation in response to policy initiatives. With regard to the former, Deloitte and Touche Fantus (2003) identified the "potential for cluster type synergies, both horizontally and vertically", although with only two bioceutical firms present in Cape Breton this potential remains very much in the realm of aspiration. There was even considerable energy directed towards the notion of a "virtual cluster". However, in discussions with members of the ISRN (Innovation Systems Research Network) the suggestion that there may be "virtual clusters' was met with deep scepticism. The same point can be made about pharmaceuticals. In 2004 "two exciting projects that will lay the groundwork for a pharmaceutical cluster on Cape Breton" (ECBC, 2004) were announced. Keata Pharma Inc., a contract pharmaceutical manufacturing company, was to establish a manufacturing operation on the Northside Industrial Park, North Sydney, with financial assistance from the CPGF, ECBC, ACOA and Nova Scotia Business Inc (NSB). The total start up cost of the Keata project was $12.5 million and included construction of a new 35,000 square foot facility, equipment, regulatory compliance and marketing. The plant was intended to be operational early in 2006. The CBGF and ECBC invested a total of $6.25 million in it by way of repayable loans. This is "anticipated to bring 165 jobs over three years" (ECBC, 2005, 19).

In a related project, UCCB in partnership with Keata and financial support from ACOA via ECBC, announced the launch of a new Biotechnology and Pharmaceutical Technology Training Certificate programme to train potential employees, to be taught jointly by PharmEng and UCCB. Up to 25 students will be accepted into the program annually. It is anticipated that PharmEng will offer employment to at least 60% of the first graduating class. According to Alan Kwong, Managing Director of PharmEng: "we feel that our Cape Breton location will provide us with significant long-term cost advantages and access to a highly skilled labour force". NSBI will provide a performance based payroll rebate of up to $3,590,800, to be paid annually over a period of five years as job creation goals are achieved. The agreement provides for incentives for up to 300 jobs.

Schemes such as these are seen as exemplifying successful partnership in economic development, and as confirming the crucial role of UCCB in technology transfer and the training of skilled labour. According to Joseph Maguire, Minister responsible for ECBC: "These exciting projects will build on the existing strengths of our workforce and bring a new industry to Cape Breton. The joint venture with UCCB will enable Keata to recruit and train locally, resulting in a pool of highly skilled pharmaceutical personnel. With this investment, Keata is demonstrating its belief in the power of Cape Breton". John Hamm, Nova Scotia Premier, added: "This project is a great example of how partnership is working to create local opportunity by attracting growth-oriented, export-driven companies like PharmEng to Nova Scotia. .. Led by our business arm, Nova Scotia Business Inc., the province is proud to be part of the team that is injecting new dynamism and diversity into the Cape Breton and Nova Scotia economies. Initiatives such as this represent an evolution of business thinking and business development."

Thus this scheme can be seen as an example of partnership working, confirming the key role of UCCB in the training of skilled labour for inward investors – building on its previous experience in providing courses to train workers for call centres: see below- and in technology transfer. According to John Harker, President of UCCB: "UCCB's coordination of a Biotechnology and Pharmaceutical Technology Certificate Program will provide the necessary skills training for these positions. With Keata PharmEng's commitment to hire students of this innovative program, it is refreshing to know that many of these graduates will be employed right here at home. We see UCCB as an emerging force in the advanced technology transfer and the future for UCCB and the Island will be built on announcements of the kind we are celebrating today." The total cost of launching the UCCB certificate program was $500,000, with UCCB receiving a grant of $375,000 through the Atlantic Canada Opportunities Agency's Business Development Program (BDP). In addition, PharmEng received a grant of $125,000 through ECBC.

PharmEng Technology Inc, the parent company of Keata, will also establish a pharmaceutical consulting office in Cape Breton, employing an additional 12 people. The PharmEng consulting office will initially provide the technical support for the Keata plant during construction and start up. Over time, it is intended that the office will provide consulting services to clients in Atlantic Canada, the Eastern United States and other international markets. Keata's move to Cape Breton will better position the company to diversify its products and services while providing new export products for Cape Breton. During 2005, the company sought to acquire equipment and necessary approvals to provide formulation development, testing services and to manufacture and package products in solid and liquid dosage forms. Keata's long-term goal is to produce more technologically challenging products and develop capabilities in other dosage forms, such as suppositories, topicals and injectables. Alan Kwong, Managing Director of PharmEng notes: "our new location on the Island will help us better serve the growing global pharmaceutical manufacturing market that is valued at $50 billion annually." It can also be seen as part of an attempt to re-position Cape Breton in the contemporary global manufacturing economy.

However, as an antidote to the brave talk of new clusters and the emphasis upon these new investments as a pharmaceutical proto-cluster, it is worth noting the comments of Deloitte and Touch Fantus (2003) regarding "lower technology pharmaceuticals production …. defined as the production of generic (non-patent) mass pharmaceuticals that require less sophisticated manufacturing processes and less urgency in market delivery". They make three points of relevance to cluster claims. First, major pharmaceutical companies out-source much routine production to contract companies to allow them to concentrate on their core business- drug development. Secondly, such production includes "fill and finish" plants, in which pre-mixed pharmaceutical substances are formed and packaged for market. Thirdly, contract manufacturers of non-patented bulk drug pharmaceuticals are driven by cost and do not necessarily require a location in close proximity to the R&D facilities. In short, this sounds very much like "classical" routine branch plant production in global outposts, vulnerable to closure as a result of cost competition from a range of other places.

Calling Cape Breton: the turn to call centres at the start of the 21st century

The rapid growth in employment in call centres and tele-services since the late 1990s signalled the creation of a new sort of business process branch plant economy in Cape Breton. Since 1998 seven call centres have been located in Cape Breton, which are owned by six companies (of which EDS, with facilities at Port Hawkesbury and Sydney is the largest, ICT Group, Ron

Weber and Associates, Spiegel, Stream, and Upsource: Gardner Pinfold, 2003, 1). As a result, for a few years, employment in call centres in Cape Breton grew rapidly to a level of almost 3,500 (equivalent full-time jobs) by 2003 (Table A5), with all but 560 of these jobs in and around Sydney. This reflects the fact that a number of globally-operating companies such as EDS "have viewed Cape Breton as a strategic place to locate" (Gardner Pinfold, 2003, 1).

There is no doubt that such activities were strongly attracted to Cape Breton by a compelling combination of attractions, principally the availability of generous state financial aid (at around $11,000 to $13,000 per job) and labour market conditions that ensured the availability of suitably qualified and cheap labour with little if any options as to alternative employment. To a considerable degree, the availability of suitably qualified labour in Cape Breton was and continues to be a result of specific training programmes established at UCCB[8], the Marconi Campus of the Nova Scotia Community College and the Cape Breton Business College (Gardner Pinfold, 2003, 33).

As a result of the surfeit of available labour, call centres initially received "hundreds of applications per week" and there has been little need to advertise for workers unless several hundred were required at once. Moreover, potential workers live in close proximity to the call centres and, as a result, word-of-mouth has proved to be a very effective recruitment mechanism while peer pressure has been a very effective governmental technology for maintaining control in the workplace. Furthermore, the combination of low wage rates and word-of-mouth recruitment results in commuting patterns that are very localised, with the majority of workers living within 30 minutes travelling time to their place of work (Gardner Pinfold, 2003, 17), enabling each call centre to exercise a considerable (if not quite monopoly: see below) degree of control in its own local spatially delimited labour market area.

The ample availability of suitably qualified labour, with supply comfortably (from the point of view of the recruiting companies) exceeding demand, enables these companies to impose close control over the recruitment process, deploying a range of psychological and behavioural tests and requiring minimum typing speeds[9]. Furthermore, they use temporary contracts as a screening mechanism, typically with a high percentage of the workforce on such contracts- for example, at EDS in Sydney it averages out

[8] Note that in 2005, after some at times heated discussions, the University College of Cape Breton (UCCB) changed its name to Cape Breton University (CBU). For ease of reference, it is simply referred to as UCCB throughout in this paper.

[9] EDS in Sydney out-sources recruitment to ADECCO, one the leading four global recruitment companies. ADECCO has between four and six people on site in Sydney involved in recruitment.

at around 30-40% over the year. Post-recruitment training can vary from two days to seven weeks, but the vast majority is of short duration.

Once they have recruited workers, call centre companies use their power in the labour market to define demanding performance in the workplace and ensure that workers comply with these requirements. Typically call centres work around the clock, with three-shift systems. Companies exercise tight control over the labour process, in closely monitored workplaces with intense systems of surveillance. For example, EDS deploys the “Blue Pumpkin” system, a very sophisticated workforce/time management tool bought in “off the shelf”, that allows staffing levels to be adjusted “by the minute”, allowing very precise monitoring and real-time adjustment of staffing levels; “everyone is metric-based, performance- based” (Respondent D, interview, 28 May 2004). Since companies dismiss workers who miss their performance targets or otherwise fail to conform to disciplinary codes, absenteeism and breaches of these codes are rare occurrences.

Moreover, companies not only pay low wages but also deploy their power in the labour market to force through further wage reductions and re-define working conditions to their advantage. They do so despite the fact that they can further cut their wage bills via a wage subsidy scheme, the Payroll Rebate Fund, which allows them to re-coup 20% of their wage costs for permanent staff over five years (Respondent C, interview, 27 May 2004). However, they seek such wage reductions and changes to working conditions on the grounds that they are, in practice, in the workers’ best interests in terms of preserving their jobs in Cape Breton. For without such changes, their Cape Breton operations would have to close as a result of intense competition in a global place market with places that offer still lower wages and operating costs (for example, locations in China and India) at which such low level activities can be performed. As Gardner Pinfold (2004, 24) euphemistically put it, as a result of such global competitive pressures by 2002/2003 the pace of employment growth had slowed markedly (Table A5), reflecting the “cyclical nature of client-driven business”. The consequences of this slow-down were soon felt in Cape Breton. For example, in 2004 Stream informed its employees at Glace Bay that they would have to sign new contracts at lower wage rates or be deemed to have resigned their positions with the company. Wages were to be cut by 10% or more (from between $11.50 and $10.50 per hour to $9.50 per hour: Shannon, 2004). In a labour market offering few if any alternative sources of formally waged employment, and many other people prepared to take such work at these wage rates, employees are caught between a rock and hard place when faced with such demands.

The attractiveness of the labour market to some companies in turn became part of further promotional efforts to attract other activities. Thus in the promotional brochure *The Power of Cape Breton* (ECBC, n.d.), in terms that resonate with much work in recent economic geography of the performative nature of work and the significance of the service provider as part of the service (for example, see Hudson 2001; 2005a), we find the following: "For 40 years EDS has been doing business around the world. Our experience in Cape Breton has been a tremendous success due to the abundance of a loyal and educated workforce … The people of Cape Breton have made it a truly wonderful place to do business" (Jim Paris, Director, Canadian Customer Interaction Centres)[10]; "Since opening in Cape Breton, we have been amazed by the dedication and superior performance of the employees. Stream International, Cape Breton, is the top performing North American site. Our employees deliver top quality performances more effectively and efficiently than anywhere else in North America. The reason is simple … it's the people" (Kathryn Ashton, Site Director, Stream International).

The gender composition of the workforces is roughly 50/50 male/female, with the majority of the work force aged 34 or less by 2003, and with few ex-steel workers or coal miners recruited to the call centres but with considerable recruitment from retailing and restaurants (Respondent D, interview, 28 May 2004); the workforce has on average become younger as the numbers employed in call centres have increased (Table A6). This in part may reflect the slowing of out-migration by young people (in the 15-34 age group) in response to the employment opportunities offered by the call centres, although the link between the two remains uncertain (Gardner Pinfold, 2004, 18). It may well be that the training provided in call centres enables people to become more mobile in the labour market and seek employment outside Cape Breton. There is evidence that these centres provide basic-to-advanced skills training in a number of technical fields (such as organisational skills, computer literacy, advanced hardware and software skills) as well as transferable personal skills (such as the capacity for multi-tasking, conflict resolution, and leadership management) which "can increase the employee's current performance and make them more attractive candidates for future employment" (Gardner Pinfold, 2004, 21).

While wage levels in the call centres are low, with 90% of employees receiving $30,000 or less per annum- though rising somewhat by 2003 (Table A7)- this reflects the fact that most employment in call centres is of customer service representatives/agents/sales associates, who typically begin on wages of $9.00- 10.25/hour, and operations/IT specialists, who begin on wages of around $11.00/hour. Only a minority of managers and senior supervisory staff earn at least $30,000 per annum. However, all of the

[10] For example, globally EDS has 280 contact centres, 80 of which are multi-client 'leveraged' sites, including that at Sydney. Prior to establishing its call centre in Sydney, EDS already had a document processing centre there by virtue of its acquisition of Systems House in 1999 (Respondent D, interview, 28 May 2004).

companies augment wages with benefit packages (encompassing dental and medical care and insurance for all family members) that enhance the attraction of such jobs (Gardner Pinfold, 2003, 17), especially given the poor health status of many people in Cape Breton, one legacy of its economic history. Even so, there is considerable labour turnover, ranging between 30% and 40% per annum among call centres. While much less than rates in other parts of the world, given the lack of other employment opportunities in Cape Breton, these levels indicate that such jobs have only limited attraction, despite the augmentation of benefits packages.

However, in part this turnover relates to the seasonality of employment patterns in call centres- for example, people who work in tourism in summer seek call centre employment in winter while students at UCCB work part-time in the call centres while studying during term-time and full-time during the summer months. Indeed, "certain tele-service companies have a loyal seasonal employee contingent" (Gardner Pinfold, 2004, 17). There is also some evidence of people switching jobs between call centres, in part in response to relatively small wage differentials: some 28% of new hires are from other call centres while 42% are from other employers, with only 30% recruited from the ranks of the unemployed or those receiving income support (Gardner Pinfold, 2004, 8). Furthermore, inter-call centre movement is higher (40%) in Cape Breton Regional Municipality, where six of the seven call centres are located in quite close proximity to one another and this is reflected in the fact that word-of-mouth is acknowledged as the most effective recruitment mechanism (Gardner Pinfold, 2003, 17).

However, while future employment in existing facilities is forecast to rise to between 4,500 and 4,800 by 2008, this expansion is unlikely to be constrained by shortages of suitably qualified labour since there will continue to be a surplus of unemployed people with call centre skills until at least 2008 (Gardner Pinfold, 2003), although there is some evidence of companies loosening recruitment criteria somewhat with the passage of time (Respondent D, interview, 28 May 2004). While there have been consultant's recommendations for Cape Breton's call centres to move up the value chain (for example, Deloitte and Touche Fantus, 2003), these seem essentially aspirational, based more on hope than on a realistic appraisal of what is and will be possible in Cape Breton. There seems little doubt that the emphasis upon recruiting call centres was politically driven, as these offered the best (only?) hope of creating employment quickly in the wake of the ending of coal mining and steel making, and the Federal government needed quick wins to legitimate its position (Respondent C, interview, 27 May 2004). However, there is no longer a major policy effort to attract more call centres, as the emphasis has switched back again to manufacturing, perhaps in recognition of technological changes that in effect will automate many lower skill call centre jobs and of the global competitive pressures from a wide range of other places seeking to attract such activities.

Cape Breton takes a cultural turn: tourism, music and culture

As noted above, in recent years ACOA and ECBC have directed a considerable share of their funding for the promotion of economic development to tourism. Although there has been some development of tourism activities in Cape Breton, as in many other formerly industrial areas, there is a perceptible sense in which the turn to tourism represents something of a politics of despair in the absence of other alternatives. By 2005 it was estimated that, directly and indirectly, tourism provided some 5,700 jobs on Cape Breton and generated around $200 million a year in revenues (Connors, 2005). Tourism was one of the sectors identified as having future growth potential in Cape Breton and the *Blueprint for Tourism* (2003) projected a doubling of tourist revenues within five years, seeking to exploit the combination of Cape Breton's cultural and industrial heritage and its natural environment. One element in this involved seeking to build upon the region's economic and urban history and the experience of developing historic sites such as the fortress at Louisbourg National Historic Site as tourist attractions. For example, in 2001 a project was initiated by CBCEDA (but to be funded by Federal and Provincial Governments) to transform the downtown area of Glace Bay into a late 1920s coal mining town, seeking to capitalise upon its coal mining history. The intention was to recreate period facades on all downtown buildings, for there to be people in period costume and pit ponies on the streets (apparently motivated in part by the success of a local TV series, "The Pit Pony") as Glace Bay was re-made as a themed town for tourists. The project is still on-going. In like fashion, in the old part of Sydney tourist trails were put in place, with walks led by local residents in period costume. However, these were small-scale initiatives, with very limited economic impact.

Another high profile tourist initiative is Celtic Colours, an international music festival- seeking to both capitalise on and further build upon and develop Cape Breton's very strong traditions of Celtic music. Celtic Colours runs over an eight day period to coincide with the turning of the leaves in Cape Breton's deciduous forests in October. According to Harvey Johnstone (personal communication, 2006), this development has its roots in UCCB, Two professors of English, Harry and Elizabeth Boardmore developed courses in live theatre. This year (2006) marks the 35th consecutive year for UCCB drama group's Festival of Plays. In 1977 a theatre production called the Rise and Follies of Cape Breton Island was developed and presented by a group of young players many of whom had participated in the Boardmore's plays. The Rise and Follies was very successful and soon gave way to a more ambitious program called the Cape Breton Summer Time Review. Virtually all of the Cape Breton musicians who have gone on to professional careers have used these productions as stepping stones that brought them notice and allowed each of them to perfect his/her craft. Many of the original performers in the Rise and Follies have helped to organise Celtic Colours.

The festival began in 1997 and has grown so that in 2005 it involved 48 concerts, with over 300 performers, attracting around 6,000 visitors (75% from central and western Canada, Europe and the USA) who bought 19,000 tickets and generated some $6 million in revenues (Shannon, 2005). Reflecting Cape Breton's long history of community self-help and volunteering, it is organised by the Cape Breton Festival Society, a non-profit volunteer society, and involves some 900 volunteers in organising the Festival (see Celtic Colours, 2005). There is no doubt that it has helped promote Cape Breton as a tourist attraction as well as attracting Celtic music enthusiasts and has helped sustain local musicians and to a degree provided scope for development of a music industry (for example in terms of small-scale recording studios) in Cape Breton.

Expansion of the scale of existing tourist activities will require upgrading the quality of provision of facilities (for example, of golf courses) and providing better quality accommodation, in an effort to attract more repeat tourists. Development of the port facilities at Sydney to accommodate passing cruise ships tends to involve short stays as it is simply used as a base for trips to historic centres such as Baddeck or Louisbourg or around the Cabot Trail, with tourists being accommodated onboard the ships. There are also plans to develop community-based tourism around the cultural and economic links between Cape Breton, Newfoundland and the Basque Country in Spain, based on local knowledge and expertise, but it is difficult to see this becoming more than a small-scale niche activity that will still run up against the constraints of climate and seasonality.

More generally, further development of the tourism industry faces severe problems however, and it is not obvious as to how these ambitious expansion plan can be realised. Not least of these problems is seasonality, for Cape Breton's climate effectively limits the tourist season to some 20 weeks (and even then the weather is unpredictable for much of the time). As a result, many of the jobs in tourism are either seasonal and/or part-time, so that the full-time equivalent jobs fall well short of the 5,700 claimed to be provided by tourism. Finding ways of extending this season is crucial (not least as a way of alleviating problems of seasonality in tourism employment) and in this context Celtic Colours can be seen as extending the season by around 10%. However, it is difficult to see opportunities to develop activities that will attract tourists in the autumn and winter and, indeed, to identify new activities for the short-summer season, given Cape Breton's unpredictable weather and location. While there is an airport at Sydney, air fares from Halifax are exorbitant and there are virtually no flights to Sydney from other Canadian- let alone international- airports, there is no rail passenger service and while the roads are scenic, driving to Cape Breton involves a long and time consuming journey. The tyranny of distance continues to exercise a strong effect on Cape Breton and this provides a sharp reminder that, despite recent claims to the contrary about the "end of geography" and the "death of distance", geography in this quite literal sense of a peripheral location in time/cost/space still exerts a powerful influence on developmental possibilities in Cape Breton (and places like it).

Aggregate effects of mainstream regeneration and employment creation policies

By the mid-1990s the limitations of the previous three decades of re-industrialisation policies were graphically revealed by the Cape Breton County Economic Development Authority (1998, 25), ironically as part of a document seeking to promote the attractions of Cape Breton County to inward investment. While this is only one of the four Counties on Cape Breton Island (the others are Inverness, Richmond and Victoria), it is by far the largest in terms of population with around 75% of the total population and historically was the most heavily industrialised. This document revealed that the four new[11] industrial parks developed there- Sydport, Northside, Glace Bay and Cossit Heights (see Table A8)- had, respectively, 38, 19, 1 and 7 firms located on them, employing 310, 333, 4 and 207 people. This was a fraction of the jobs lost from the coal and steel industries. This led to increased political pressures for stronger and more effective policies to encourage economic regeneration and new sources of employment. However, this largely amounted to more of the same rather than any radical departure in policy (as noted above).

From the late 1990s there was increased expenditure by a range of economic development organisations. For example, over the period 1999/2000-2003/4, the $181 million of funding provided by ECBC resulted in a total investment of over $783 million. Of the total funding provided by ECBC, ACOA provided over $100m, supporting 573 of the 832 projects which received federal aid (Canmac, 2004, 15). Over the period 1999/2000- to 2003/4 the CBGF provided $40m to support 40 projects, leveraging a further $204m of capital expenditure and generating 1,763 new jobs, at an average level of assistance per job of $22,689 (Canmac, 2004, 16), although at more or less the same time the Nova Scotia Minister for Economic Development was claiming that the CBGF had provided more than 2,900 jobs (Fage, 2004b)- symptomatic of the ambiguity around the claims made about new job creation. The injection of CBGF funds resulted in total annual

[11] The characterisation as these parks as "new" is open to question e.g. Sydport was started in 1969.

funding peaking at $55.0m in 2002/3, declining slightly to $50.9m in 2003/4. While it could be reported that ECBC was on schedule to meet its five-year targets agreed in 2000 (Office of the Auditor General of Canada, 2004), its job creation target of 600 jobs in five years was- depending on one's perspective- un-ambitiously modest or coldly realistic. Even so, while meeting this target, the number of people employed in Cape Breton fell from 54,500 in 2002 to 52,700 in 2003- a fall of 3.3%.

There is evidence that those organisations charged with responsibility for economic development in Cape Breton are becoming more savvy and street–wise in terms of the claims they make, with explicit recognition of the difficulties of identifying a "policy effect" (for example, see ECBC, 2005, 10). Nonetheless, such qualifications notwithstanding, there were- and are- continuing strong claims as to the effectiveness of policies, bolstered by research commissioned from consultants. Indeed, the commissioning of such research has formed a lucrative market for consultancy companies that have obtained contracts for a series of reports that provide evidence that seeks to demonstrate the success of economic development policies and programmes[12]. For example Nova Scotia's Minister for Economic Development proudly proclaimed that "a recent KPMG study... ranked Sydney as one of the best places to do business in Canada" (Fage, 2004a). Again, ECBC and the CBGF commissioned an "Economic Impact of Federal Development Assistance on Cape Breton Island" from Canmac Economics (2004), a private Nova Scotia consulting firm. This focussed on the effects of Federal development funding on the Island's economy from 1999 to 2004 and concluded that "ECBC plays a dominant role in the Cape Breton economy" (Canmac, 2004, 53). This claimed to demonstrate that economic indicators are showing solid improvement as evidenced by increasing retail sales, growing income from employment sources and a decreasing economic dependency ratio.

Programmes administered by ECBC and the CBGF have led to over $181 million being invested in Cape Breton between 1999 and 2004. While growth in the number of firms has been minimal, and there has been very little change in the sectoral composition of the economy, "the size of firms appears to be growing" (Canmac, 2004, 53), consistent with the creation of a new sort of branch plant economy based heavily around call centres. Indeed, the ten largest employers account for almost 88% of new jobs. As Canmac (2004, 54) puts it, "[a]lthough aggregate data do not reveal major structural change, there has been significant change in selected sectors. For example, the steel industry and coal industry has been all but eliminated as a key

[12] More cynical commentators might be tempted to suggest that there is a rather close and unhealthy relationship between those commissioning the research and at least some of those providing it, in that it is in the interests of the consultants to provide evidence that supports the claims of policy makers and politicians as to the efficacy of their economic development policies.

driver of the economy and has been replaced by a new sector not in existence prior to 1999, i.e. the tele-service sector".

Most significantly in the context of Cape Breton are the new jobs claimed to have been created as a result of the activities of ECBC, the CGGF and ACOA, especially those in call centres. In the period 1999-2004, total job creation generated by those development programs delivered by ECBC (including therefore the CBGF and ACOA programmes) was claimed to total 9,384 full-time equivalents (FTE). This is made up as follows:

- 6,339 direct employment from "sustainable activity" (that is, jobs that were not in construction and that were assumed to be long-term, defined as follows: "typically assumed to be ten years from the project start up");
- 1,235 direct employment from short-term job creation (primary construction);
- 1,809 indirect and induced spin-off employment.

These new jobs in turn lead to a wage income of $667.1 million over the five year period[13].

The definition of "sustainable jobs" is problematic however. This is sharply exemplified by employment in call centres, by far the biggest single source of employment growth in recent years. For example, in 2004 EDS lost major contracts with AT&T (in August at Sydney) and with Hewlett Packard (in June at Port Hawkesbury and Sydney). Around 300-400 employees worked on the Hewlett Packard contract while around 100 people in Sydney were issued with lay-off notices following the loss of the AT&T contract (Stewart, 2004). In April 2004 Stream lost its contract with Microsoft Networks- its only contract-threatening all 800 jobs at its Glace Bay call centre and leading Stream to seek to force down wages as a condition of seeking to preserve employment (Shannon, 2004). It is hard to reconcile claims as to "sustainable employment" with such a level of labour market volatility.

However, this has not prevented still stronger claims being made for the efficacious effects of economic development policies. It was further estimated that without the jobs (assumed to be) created as a result of the various ECBC programmes, the population of Cape Breton would have declined by a further

[13] Other related claimed benefits included:

- Economic development assistance led to an additional $1,201.4 million in GDP or $240.3 million/year, on average.
- Increase of $91.2 million in federal revenues or $18.2 million/year and an estimated EI savings of $30.6 million/year, on average.
- An increase of $84 million in provincial revenues or $16.8 million/year, on average.
- An increase of $10.8 million in municipal revenues or $2.2 million/year, on average.
- By 2008-2009, it is projected that the benefits to all levels of government will total over $540 million. This figure does not include EI savings.

12,700 between 1999 and 2004- over 10% of the actual 2004 population. The reduction would be overwhelmingly of people of working age, with an estimated drop in people in employment of 9,300- a reduction of almost 18% (Canmac, 2004, 52). However, this estimate is based upon modelling the effects of the jobs created as a result of ECBC and related programmes and the remainder of the Cape Breton economy from Canmac's econometric model (Canmac, 2004, 43). This suggests that ECBC and the CBGF have partnered with the private sector and others to create over 24,600 full-time job equivalents, almost 20,000 directly and almost 4,800 indirectly or induced as a result of direct job creation. Of these, some 7,000 are short-term (for example, in construction) while 14,700 directly created jobs and some 2,700 indirectly created jobs- around 17,500 (or 71% of all jobs created) in total- are said to be "sustainable". However, it is important to note that the employment figures are "estimated" and as such may bear little relation to jobs actually created and in place in the workplace in Cape Breton. As a result, whether these claimed modelled effects have actually occurred is perhaps best treated as an open question and this may help account for the disjunction between these claims as to job creation and the depressed state of the labour market and demographic dynamics in Cape Breton.

Even so, the intent of such self-promotional exercises and consultancy reports is clear: in short, however bad things were in 2003 (and no doubt they were bad), they would have been a lot worse without the claimed effects of the ECBC development and employment programmes. According to Rick Beaton, Vice-President of ECBC and Chairman and CEO of the CBGF: "when viewed over the long-term, the Cape Breton economy is showing steady improvement. In 1993, the unemployment rate stood at 25.3%, whereas the annual average for 2004 is expected to be just above 16%. Although much work remains to be done, the indicators show we are making progress. The Island has begun a process of transformation and is well positioned for continued improvement." One element in this heralded transformation is a growth in the number of businesses, which increased from 5,144 in 1993 to 6,783 in 2003 (Fage, 2004b)- although this stands in sharp contrast to Canmac's analysis (see above). In like manner, in a joint statement, MPs Rodger Cuzner (Cape Breton-Canso) and Mark Eyking (Sydney-Victoria) claimed that the study clearly demonstrates that Government of Canada economic development programs are having a positive impact, laying the groundwork for greater prosperity and opportunity. In so doing, of course, they were legitimating their own positions as political representatives for the residents of Cape Breton.

Alternative development models? From community enterprises to intermediate labour markets?

Cape Breton has become the location of a range of experiments in community economic development, drawing on its history of grass-roots organisations, not-for-profit activities, Credit Unions and co-operative developments of various sorts. This suggests an alternative reading of Cape Breton, contrasting to that of it as a region characterised by a "culture of dependency" (see above). As de Roche (2003, 236-7) puts it:

> "…organizing- for sociability, to resist private-sector exploitation, and to pressure government- is an old Cape Breton 'tradition'. The evidence does not readily end itself to conclusions about a historical ravaged, dispirited, disorganized, and resigned population. Cape Breton's cultural resources form a rich and varied assemblage of countervailing tendencies that permit different interpretations and extrapolations to those offered by the proponents of culture of dependency. Evidence of resistance may be dismissed as mere 'defiance' and then used as proof of a 'culture of dependency'. But if is a weapon of the weak ..it also represents collectivity, solidarity and engagement. It challenges a hegemonic order."

She continues (237):

> "Nonetheless even if active protest is taken as mere reactivity there is also clear evidence of pro-activity in Cape Breton's history; much of this evidence lies in the history of the 'Antigonish movement', which is recalled and heralded throughout the region and beyond. Cape Breton Island was the fertile ground for the intervention of two Catholic priests (Moses Coady and Jimmy Tompkins)."

Much of their work involved seeking to establish alternatives to the dominance of the coal and steel companies beyond the workplace. Coady was instrumental in the establishment of the first Credit Union in English Canada in 1933, at Reserve Mines in Cape Breton. This was followed by initiatives to set up consumer co-operatives and co-operative housing projects, which by 1971 had provided 5,500 houses on Cape Breton- small scale, but significant in demonstrating the scope for alternative ways of doing things.

This long history, coupled with the serious socio-economic problems experienced there, led to Cape Breton Regional Municipality being selected as the location for an experimental Intermediate Labour Market project, the Community Employment Innovation Project (CEIP) in 1999 (Greenwood et al, 2003). CEIP is a joint venture between Human Resources and Development Canada (HRDC) and the Social Research Development Corporation (SRDC), with funding ($40 million over five years) provided by HRDC and the

Nova Scotia Department of Community Services. Day-to-day running of the project is devolved to four local organisations, led by the YMCA, while the HRDC leads the research and evaluation activities and maintains an overall oversight of the project. The key mechanisms in delivery of the project are (to date) five Community Boards, which assess community need and approve projects and subsequently monitor them. The central feature of the project is the offer of three years paid employment (at a weekly wage rate of $300 Canadian in 2003) in community-based projects in exchange for receipt of EI (Employment Insurance) or IA (Income Assistance). The aim is to give individuals work-related skills, increase their range of contacts and enhance their networking capabilities. In a manner reminiscent of Random Control Trials (RCTs) in medical research (with all the ethical implications that this raises), CEIP has enrolled 1,500 volunteer participants, divided into two groups: one group receive assistance through the CEIP, the other does not and so acts as a control group to enable the aggregate effects of the intervention to be assessed. Between October 2000 and March 2003 the five Community Boards approved 257 projects, from 227 different sponsors and these projects employed some 700 people. However, in seeking to act upon individual competencies and the supply side of the labour market in this way, there is an assumption that there are sufficient jobs available on the formal labour market to absorb these newly-capacitated individuals in appropriately skilled jobs. It could be that such Intermediate Labour Market (ILM) measures fail to be efficacious simply because there is a lack of effective demand for labour. As the project is still underway, it is perhaps too early to come to a definitive judgement as to its effectiveness.

However, rather than such ILM approaches, the experiment with alternative development models for which Cape Breton is best known outside Cape Breton is that of New Dawn, established in 1976, and is the oldest not-for-profit Community Development Corporation in Canada, that seeks to create employment directly in community enterprises (MacSween, 1998). The symbolism of its name is far from being accidental. Inextricably linked with New Dawn and the concept of community enterprise that it exemplifies is the iconic figure of Father Greg MacLeod, Catholic priest, philosopher and the prime animateur of bottom-up community economic development, inspired by the Mondragon co-operative in northern Spain (see MacLeod, 1997) and heir to the tradition of Coady and Tompkins as a radical crusading Catholic priest. In turn New Dawn inspired and guided the creation of a few smaller organisations in Cape Breton (de Roche, 2003, 226)- though it is ironic that it is better known and has had a bigger impact, discursively at least, beyond rather than in Cape Breton (see below).

The central concept of the community enterprise was predicated upon making profits but then using these for community development and the good of the community (leaving aside the problems of conceptualisation and definition that this term brings with it). In terms of a broader conception of a social economy then, this is very much at the near-market end of the spectrum and in that sense sits uneasily with much of the traditions of grassroots self-help, co-operative working and not-for-profit activity in Cape Breton. Many of the criticisms of New Dawn take the form of “New Dawn is not this and New Dawn is not that” but, unfortunately, these criticisms fail to recognize that New Dawn did not have these aspirations. Basically people ascribe to New Dawn intentions and mandates that the organisation does not possess or desire. As Harvey Johnstone put it (personal communication, 2006): “New Dawn is not well understood- I would argue even by its management!” MacLeod was instrumental in getting UCCB to develop courses and research activities that would help underpin this approach. One important expression of this was the UCCB Community Economic Development Institute, established in 1995 with a mission to help local groups build their own communities. Another was the Tomkins Institute, consciously alluding to and drawing on a tradition of community and co-operative development extending back some 70 or 80 years to the Antigonish movement.

This alternative development model rests on a conception of Cape Breton as a “depleted community” rather than a place that is a prisoner of a “culture of dependency” and reliance upon externally-originating solutions to its developmental problems. This scripts Cape Breton as an area that has suffered catastrophic economic decline as a result of external decisions but which retains considerable cultural and human resources that can form the basis for indigenous and endogenous community economic development strategies (Lionais, 2004). This may well be a more reasonable reading of the evidence of the region’s developmental history. However, as one respondent put it to me, Mondragon is not a valid analogy for Cape Breton but New Dawn has an “almost religious” status in Cape Breton and as such it is very difficult to argue against it (Respondent A, interview, 26 May 2004).

However as a community development model, New Dawn is not without contradictions- not least it has come to adopt a top-down approach to community economic development that runs counter to that of the Antigonish movement, which worked to activate the masses, and to MacLeod’s philosophy of community economic development. As a result “New Dawn is not especially interested in the ordinary citizen” (de Roche, 2003, 242). This is principally because it sees economic success in the modern information and knowledge-based economy as depending upon “a co-ordinated team effort by a group of well-trained people” (MacSween, 1998, 86), well-meaning community business experts who will do good for people rather than enabling people to do good for themselves. As a result, New Dawn is sometimes criticised for its failure to reach out to and engage with the wider public (MacAulay, 2001) and for failing to appreciate the variety of forms of local knowledge, many of which are tacit, that could be mobilised in Cape Breton around development projects.

In this it can be seen to exemplify more general tendencies in the contemporary local social economy in Cape Breton and the ambivalence and tensions surrounding competing interpretations of Cape Breton as blighted by a 'culture of dependency' and of Cape Breton as a hot-bed of grassroots activism. As de Roche (2003, 239) observes, there are at most 100 community development activists in Cape Breton, all known to one another, with their groups and agencies related historically and organisationally. Within this, she identifies a small core group[14] who- contra MacLeod- promulgate a 'culture of dependency' view of Cape Breton's history and who see themselves and their supporters as crucial in formulating an alternative developmental model to this. However, this remains a top-down model for bottom-up developments, albeit one deriving from a local elite of community economic development activists rather than from government officials, politicians and business people from the mainstream economy. She continues:

> "…their view of local history and culture has been clouded by zeal for a monumental economic-salvation effort and their role in it. Their economic-intervention philosophy valorizes a form of leadership-from-above to which they aspire, while demonising others (i.e. that of foreign capitalists and politicians). It induces them to underestimate the cultural resources of the constituents on whose behalf they are deeply committed to work. Concomitantly, they identify with the development organizations for which they work and on which they have attached hope".

Irrespective of how one interprets their origins and the motives of those involved in the community economic development movement in Cape Breton, what is clear is that while community businesses are important at the micro-level, not least in demonstrating that there are alternative approaches to economic development, their impacts are insignificant at the macro-level. The vast majority are not-for-profit organisations and credit unions while "New Dawn doesn't have the financial clout to make a really big impact". While New Dawn may have given rise to 500 or 600 new jobs over 25 years, this is "nibbling at the margins" of the employment problem (Respondent C, interview, 27 May, 2004). While there is considerable rhetorical emphasis from the Federal government on the importance of developing the social economy, this is "more words than action", with an "absolutely miniscule" impact (Respondent A, interview, 26 May 2004). Equally, however, New Dawn is significant as exemplifying the fact that it is possible to imagine an

[14] Specifically, Keith Brown, Jim Lotz and Randall MacSween. It is worth pointing out that Harvey Johnstone, who knows the Cape Breton scene infinitely better than I do, commented that "this seems a very odd juxtaposition It is the first time I have ever heard these names spoke in one sentence" (personal communication, 2006).

alternative to approaches such as Intermediate Labour Market projects that in the final analysis rest upon the buoyancy of labour demand in the mainstream economy and to the conventional mainstream economic development model- which has hardly been a major success in terms of job creation in Cape Breton.

Getting by[15]

People in Cape Breton have a long history of devising methods of coping and getting by in the face of a lack of sufficient paid employment there. In this section I briefly consider four of them. First, there is reliance upon federal transfer payments. Quite a large number of ex-miners and steel workers either retired (those aged 55 or more with 20 years of service were eligible for retirement) or accepted severance packages and effectively fell out of the (formal) labour market while many others are in receipt of disability payments. Although such transfer payments for some have associations of dependency and connotations of a “culture of dependency” in the area, in fact they are neither more nor less than the legitimate claims of citizens in Cape Breton on the Canadian state.

A second coping mechanism involves the creation of community self-help groups and a wide range of co-operatives, again (as noted above) both developments with a long history in Cape Breton. It would seem that very few people in Cape Breton do not participate in co-operative activities in some form or another (for example, via participation in Credit Unions). Community self-help groups are equally common. Typically such grass-roots organisations were formed in response to problems arising from the personal, family and community circumstances as a result of long-term structural unemployment. For example, in Glace Bay the Unemployed Workers Union was formed in response to colliery closures and in the mid-1980s a similar organisation, the Glace Bay Unemployed Workers’ Society, was formed for the same reasons. Then in 1999 the United Families movement was started in Glace Bay by miners’ wives who were concerned about the treatment of miners as a result of the impending closure of DEVCO (Dwyer, 2001, 16-7)[16]. By means of such self-help organisations, people suffering from the whole gamut of effects of job loss and structural unemployment helped one another to mitigate the harshest edges of the process of economic decline and survive.

The third survival tactic is out-migration and working away from Cape Breton. While much of the literature on migration in search of work relates to the

[15] I am currently carrying out some research with Doug Lionais into the post-steelworks experience of former workers at Sydney Steel to provide more detailed information on these ways of “getting by”.

[16] There are clear parallels here with the formation of Miners Support Groups by miners’ wives during the 1984/5 strike in Great Britain (see Beynon, 1985).

unindustrialised peripheral (for example, see Hudson, 2005a, 78-95), there is again a long tradition in Cape Breton of seeking work elsewhere as even in the good times in Cape Breton labour supply exceeded demand and young people were left with little choice but to migrate in search of work elsewhere. Many men went off to seek work in various mines in western Canada (see MacLeod, 1999)[17]. Many former coal miners and steel workers are working in other parts of Canada, such as Alberta (working in the tar sands) and Ontario, or Boston in the eastern USA, especially skilled craftsmen or men with skills that are transferable from one mining sector to another. A fairly large group of men work on the great lakes boats. The St Lawrence Seaway which gives the great lakes access to the Atlantic Ocean closes in the winter months because of cold weather. During those down periods men return to Cape Breton. Typically they will spend between two or six months a year working away from Cape Breton, living for free in work camps, then return to Cape Breton and spend the rest of the year on unemployment benefit. Thus many in Cape Breton are dependent upon migrant workers' remittances for their on-going reproduction as individuals and households and so are vulnerable to economic downturn in other industries and places.

The fourth way of "getting by" is via activity and participation in the informal economy, often drawing on a parallel tradition of co-operative working and people helping one another in times of difficulty. Many people emphasised that while the formal economy has been and is in a state of serious decline, informal economic activities continue to thrive and a vibrant underground economy[18] is alive and well in Cape Breton. While little in evidence in the formal economy, entrepreneurial spirit is thriving in the informal economy. On one estimate perhaps 80% of the population is involved in one way or another in the informal economy and the local police often "turn a blind eye" as long as things remain within accepted limits (Respondent B, interview, 28 May 2004). As a result, much of the economic activity routinely taking place on a daily basis in Cape Breton is unrecorded (and hence there are genuine difficulties is assessing its extent and significance) and formally unregulated- though this is not to say that there are no forms of regulation, or that economic activity in the informal economy is unpredictable, chaotic or lacking organisation. Quite the opposite in fact, for there are "working rules" (Ostrom, 1990) through which everyday activities are regulated and "written rules" are either translated or circumvented. For "informality" is an institutionalised way of doing things, an approach to economic survival and of getting by, a tactical choice born of an acute sense of political and economic realities in a place such as Cape Breton. However, Canada Revenue Agency has an interest in enforcing the "written rules" and has had a special 'team or squad' of tax

[17] Although MacLeod's account is fictional, it is firmly grounded in the actual experiences of Cape Bretoners who worked elsewhere in Canada as migrant workers.
[18] Much of this section draws on Dwyer, 2001 (chapter 4). Given the demise of coal mining, the use of the term 'underground economy' is not without irony.

accountants working within the community to identify those participating in the underground economy and- of course- to seek to eliminate the activity.

However, this does not sanction unrestrained illegality; for most people there is a clear line between what is and what is not morally and socially acceptable, although there is- not surprisingly- some variation between people in what is defined in these terms. While there is a deep system of "informal" regulation based on local habits and accepted notions of customary behaviour, it is difficult to identify a commonly-held generally applicable view as to what constitutes acceptable behaviour in the informal economy. However, it is possible to identify commonly acceptable practices. Firstly, for example, theft (of tools, machine parts, lubricants- items of utility in the informal economy) from employers such as DEVCO, SYSCO or the heavy water plant- is seen as acceptable, a legitimate way of "getting back" at the companies within a local culture of resistance. Indeed companies' tended to tolerate such behaviour and thus both legitimate and encourage its reproduction. Secondly, certain forms of tax evasion are also seen as legitimate activities (although this was not a universally held view) and are practised in a variety of ways. For instance, working "off the cards", payment "under the table" (for example, in relation to building or renovating houses) or reducing the purchase price of major items such as second-hand automobiles so as to reduce the element of tax paid to Government. A third arena of informal activity is the variety of open-air markets that have emerged in recent years, both facilitating the low cost exchange of goods but also providing a sense of sociality and camaraderie among those participating in them (thereby resonating with car boot sales and like activities in other parts of the world: see Hudson, 2005a). Barter forms a fourth aspect of the informal economies of Cape Breton. While long present in Cape Breton, the closures of the coal mines and steel works has increased the numbers of people with craft skills prepared to work on this basis. As a result, it has also created social tensions as craftspeople working in the formal economy find themselves being undercut and deprived of paid work as a result of the expansion of the barter economy (Respondent B, interview, 28 May 2005).

Thus the informal economy comprises both barter and a cash economy, with the latter the more prominent element, and often seamless movement between the formal and informal economies. For example, an estimated 30-40% of contract work (e.g. in construction) by local formal sector companies in fact involves informal contracts. Indeed, this may be indicative of a broader tendency, namely that widespread participation in the informal economy actually works to create barriers to developmental initiatives in the formal economy. Moreover, it would seem that those employed in the formal sector of the economy are as likely to make use of people working informally as are those whose economic activities are wholly confined to the informal economy (cf. Pahl, 1984). Most people seem simply to consider that participation in the informal economy is a legitimate and socially acceptable way of saving money. For those employed in the formal economy, this was one way of ensuring that they maximised “value for money” from employment and the wages they earned. While some activities may have been technically illegal, involvement in the informal economy is seen as socially and morally acceptable provided that it is not harmful to others. Subject to this crucial caveat, the boundaries of a moral economy are thus clearly demarcated and widely understood and the informal economy remains of crucial importance to the quality of life and well-being of many people in Cape Breton.

Conclusions: what sort of future?

There has been considerable debate in recent years, in both academic and policy fora, as to the efficacy of devolved forms of government in facilitating regional economic revival (Hudson, 2005c). This has diffused to Cape Breton, where there are those who see the root of continuing economic problems as located in governance mechanisms and the ‘solution’ as a greater degree of devolution for economic policy issues (for example, see Locke and Tomblin, 2003). In so far as there is devolution, it involves the administration of Federal and Provincial governments’ policies at Provincial and municipal levels respectively, whereas it is argued that what is needed is a much greater degree of devolved power to decide- and by implication devolved resources to implement these decisions. Even if the former were to come about, there is no guarantee that resource transfers would follow.

In part, this devolutionary pressure is related to the lack of available information as to the level and distribution of Federal Government spending within Nova Scotia and a suspicion that Cape Breton is unfairly discriminated against in this regard and to the absence of specific provincial Nova Scotia development policies for Cape Breton. This has led the Cape Breton Regional Municipality (CBRM), formed in 1995 from the amalgamation of eight independent municipalities, to prepare a legal case that both the Federal and Provincial governments are in breech of their statutory responsibilities towards Cape Breton- it is not coincidental that the mayor of the CBRM is a lawyer. In contrast, others see such a stance as creating “negative images” of Cape Breton.

This diversity of views is indicative of the tensions among the various organisations with responsibilities for promoting economic development in Cape Breton and, inter alia, suggests that despite much talk of co-operation and partnership working there are indeed issues arising from the governance system in terms of inter-organisational competition and its impacts upon economic development. Despite- or maybe because of- the fact that Cape Breton is a small region with a limited number of ‘key players’, creating a coherent and hegemonic regional project and defining a “regional interest” is problematic. The small group of “usual suspects”, tightly-knit networks of people who know one another well, acts to limit debate on policy options, as much within the community business sector as in the formal mainstream economy and in relation to options for economic development policies. At the same time, it is often claimed that policy priorities for the province of Nova Scotia are set by a small oligarchy of residents in Halifax, who are indifferent to the developmental needs of Cape Breton. Whether greater devolution would in fact revive the economy remains therefore, at best, an open question.

As in many other areas seeking to recover from catastrophic localised economic decline (for example, see Hudson and Sadler, 1995), part of the problem of assessing the effectiveness of policies to regenerate the economy and create new jobs in Cape Breton is the ambivalence and confusion as to precisely how many new jobs have been created, for how long and as a result of what (to what extent, for example, is there a “deadweight effect” so that jobs would have materialised irrespective of policies to attract them?). Even so, while recognising such evaluative problems and acknowledging that much remains to be done, some quite strong claims are made about successes to date. As Rick Beaton put it: “When I assumed my position [as Vice-President of ECBC] in November 1999, the local economy was at a critical juncture due to the closure of Sydney Steel and DEVCO. Many feared that the island’s already weak economic base would become even worse. While I do not purport to say that we have overcome all of our economic challenges, I am encouraged by the positive changes that have taken place. The economy has persevered. The business base is expanding, new investment is occurring and jobs have been created”. Having summarised the claims as to the creation of new investment and jobs, he went on to ask, rhetorically “I often wonder what the economic conditions would be like if Cape Breton did not have access to ECBC and the CBGF” (ECBC News Release, 16 April, 2004).

However, it is also the case that expectations for the future are low, in recognition of the fact that it is not easy to sell Cape Breton to potential investors. For the Vice President of ECBC “ultimate success would be for Cape Breton to achieve employment rates that reach or exceed the rate for the province of Nova Scotia by 2014” (Office of the Auditor General of Canada, 2004, 10). In short, the best that could be hoped for would be to close the gap with the rest of a peripheral region, with the clear hint that even this modest goal was unlikely to be attained. As Canmac noted in the conclusions to its *Report* (2004, 64): “looking forward, one can expect a similar level of effort will be required to move the economy to self-sufficiency. For example, to move the existing Cape Breton unemployment rate to the Nova Scotia unemployment rate will require the creation of 6,636 jobs. Our survey of (ECBC) clients revealed that 36% expected to expand in the next five years; however, 48% of these expected to require government funds to do so”. In short, Cape Breton will continue to rely heavily upon financial aid from the state and it is extremely difficult to imagine a more prosperous future for the region without significant and long-term commitment from the Federal government. In short, the national state will of necessity remain a major player if Cape Breton is to have any chance of economic regeneration, both in terms of helping to create new jobs and to cope with and contain the consequences of continuing high levels of unemployment and inactivity; Cape Breton remains and will remain a state managed region, albeit in a different way to the era of coal and steel and carboniferous capitalism.

This is not to deny the history of grassroots organisations and diverse community development activities in Cape Breton. However, it is to recognise that, while valuable in keeping alternative concepts of development on the agenda, for the foreseeable future such local community economic developments cannot in and of themselves adequately address the serious socio-economic development problems facing Cape Breton. This strongly suggests the need for a more diversified approach to development policies, including both mainstream and community-based approaches and seeing these in terms of both/and rather than either/or, based upon a more plural and heterodox conception of what counts as “the economy” and a broader definition of “development” to encompass issues of health, well-being and welfare and not simply the conventional suite of economic variables.

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Appendix

Table A1: Population of Cape Breton Island, 1981-2001

(Source: Statistics Canada Census Profiles, 1981-2001)

	1981	1986	1991	1996	2001	% Change 1981-2001
Male	84,385	81,950	79,115	76,590	70,555	-16.38
Female	85,700	84,170	82,570	81,680	76,895	-10.27
Total	170,085	166,120	161,685	158,270	147,450	-13.30

Table A2: Labour Force Activity, Cape Breton Island, 1981- 2001

(Source: Statistics Canada Census Profiles, 1981-2001)

	1981	1986	1991	1996	2001	% change 1981-2001
Popn 15+	126,090	126,685	125,336	124,700	118,830	-5.76
Labour Force	66,485	69,760	68,826	65,540	61,870	-6.94
Participation Rate %	52.73	54.08	53.35	51.24	52.07	-0.66
Employment	55,735	54,060	55,110	49,775	48,880	-12.30
Emp. rate %	*n/a*	43.9	40.9	39.8	44.8	*n/a*
Unemp %	16.17	22.51	19.93	24.05	21.00	+4.83

Table A3: Labour Force by Industry, Cape Breton Island, 1981-2001
(Source: Statistics Canada Census Profiles, 1981-2001)

	1981	1986	1991	1996	2001	% change 1981-2001
All industries	64,580	66,300	66,570	61,600	59,480	-7.89
Primary industries	7,260	8,110	6,990	6,025	4,365	-39.87
Manufacturing	9,915	7,670	7,035	4,680	4,590	-53.70
Construction	4,540	4,575	4,405	4,355	3,970	-12.55
Transportation/ communications/ utilities	5,970	5,245	5,055	4,280	4,135	-30.73
Trade	10,515	11,520	12,120	10,970	9,220	-12.22
Finance/insurance/ real estate	1,845	1,890	1,805	1,935	1,810	-1.89
Other service industries	19,940	21,640	23,400	23,890	27,310	+36.96
Public administration	4,585	5,680	5,755	4,415	4,090	-10.79

Table A4: Labour Force by Occupation, Cape Breton Island, 1981-2001
(Source: Statistics Canada Census Profiles, 1981-2001)

(a) 1981-1991

	1981	1986	1991
All occupations	64,590	66,305	66,555
Managerial, administrative and related	3,505	4,610	4,830
Teaching and related	3,660	3,335	3,460
Medicine and health	3,395	3,825	4,330
Natural and social sciences, religious, artistic and related	3,025	3,130	3,470
Clerical and related	8,550	9,489	9,885
Sales	5,915	5,590	5,845
Service	8,640	9,590	10,460
Primary	5,765	6,360	5,820
Processing	4,085	3,570	3,185
Machining, product fabricating, assembling and repairing	4,235	3,980	3,815
Construction trades	6,440	5,890	5,330
Transportation equipment	2,800	3,000	2,705
Other	4,570	3,935	3,350

(b) 1996-2001

	1996	2001
All occupations	61,600	59,480
Management	3,685	4,155
Business, finance and administrative	8,230	8,025
Natural and applied science and related occupations	1,400	1,915
Health	4,000	4,475
Social sciences, education, government service and religion	4,660	4,870
Art, culture, recreation and sport	1,265	1,270
Sales and service	19,100	18,000
Trades, transport and equipment operators and related occupations	11,115	10,270
Occupations unique to primary industries	5,120	3,930
Occupations unique to processing, manufacturing and utilities	3,000	2,550

Table A5: Call centre employment in Cape Breton, 1998-2003
(Source: Gardner Pinfold, 2004, 4)

Year	Full-time jobs	Part-time jobs	Full-time equivalents
1998	280	40	300
1999	280	40	300
2000	525	140	605
2001	1,215	490	1,500
2002	3,225	423	3,466
2003	3,388	132	3,470

Table A6: Age and gender distribution of the call centre workforces, 2002 and 2003 (percentages)
(Source: Canmac, 2003, 15; Gardner Pinfold, 2004, 6)

Age group (years)	Male 2002	Male 2003	Female 2002	Female 2003
15-24	14.4	17.2	15.6	14.0
25-34	10.7	17.0	15.1	18.0
35-44	5.6	7.6	11.6	13.0
45-54	8.3	4.9	12.8	5.0
55+	0.5	1.3	5.6	3.0

Table A7: Wage levels in call centres in Cape Breton, 2002/3
(Source: Gardner Pinfold, 2004, 7; Canmac, 2003, 8)

Income range ($)	% wage bill 2002	% wage bill 2003	% FTE jobs 2003
10,000-15,000	3	3	4
15,001-20,000	45	30	37
20,001-30,000	41	57	52
30,001-40,000	7	7	5
40,000 +	4	5	6

Table A8: The Cape Breton Industrial Parks
(Source: SYSCO, 2003)

Sydport	The Sydport facility is located directly opposite the harbour mouth from the SYSCO lands. Originally built as a military complex for the Navy, the site was converted to an industrial park by DEVCO in 1969. Sydport incorporates 600 acres of land, of which 240 have been serviced. Major tenants include companies in fabrication, manufacturing, construction, shipping and distribution, food production and a sound stage. Of the three existing industrial parks in CBRM, Sydport is the only one that has ocean access. The wharf at Sydport consists of a main jetty, an inner quay and an outer quay that comprises 4,180 feet (1274 m) of berthing space. Water depths range from 20 to 38 feet (6.1- 11 m) at low tide. The park is fully serviced with road, water sewer and power. In 1999, ECBC sold Sydport to Laurentian Energy Group, a consortium of Sydney business people. Under the terms of the purchase and sale agreement, ECBC provided a mortgage for the purchase of the property, which will be forgiven within three years as new businesses locate to the facility and jobs are created. The agreement includes the option to extend the deal for an additional two years should original targets not be met. Lauretian's strategy with the property is to target it as a fabrication facility for the offshore. However, at the time of writing, there has not been a large amount of economic activity in the Park. Serviced land is for sale at Sydport in the $25,000 to $32,500 per acre range.
Northside	The Northside Industrial Park straddles the former towns of North Sydney and Sydney Mines. It was built in the early 1980s by a joint industrial commission comprised of these two communities with the financial assistance of the Province of Nova Scotia. The park includes 470 acres of land, with almost half of this land serviced with roads, sewer and water. The Park has direct access to a 100 series highway, but no access to the harbour. Land sales boomed in the Northside park during the 1980s in response to a government tax credit programme which induced a number of companies to move into the area. Large existing tenants include: Tesma International and Atlantic Extrusion. In general this park is very well kept and has a reputation for providing high quality manufacturing jobs. Serviced land is listed at $25,000 per acre at Northside.
Cossit Heights	Cossitt Heights Industrial Park is located in the former City of Sydney, just inside Highway 125 between the Ashby neighbourhood and Welton Street. Originally built to compete with the Sydport and Northside parks, this is a relatively small industrial park (120 acres) that is built on a number of existing distribution businesses located on Upper Prince Street (Westburne, Harris and Roome, the Sears Distribution Centre, Sparkling Springs, etc). Of this total, just over 80 acres of land was serviced with road, water and sewers. Although the industrial park master plan called for the construction of a new interchange from Highway 125, an agreement was never reached with the Nova Scotia Department of Transportation and Public Works and access to the park still remains a major problem. In addition no funding is available for this interchange, and the estimated cost of this ($4 million) is more than twice the market value of the land available for sale (82 acres @ $25,000 per acre equals $2.0 million) making its future construction unlikely. Although several lots have been sold at Cossitt Heights recently, the vast majority of this land remains serviced yet unsold.
Glace Bay	To date there has been very little development in the Glace Bay Industrial Park, although there is a building on the property that was built as part of the former heavy water plant in the 1970's. The Glace Bay park does not play a significant role in any on-going economic development activity within the CBRM.