

Bridging Import Replacement Theory and Practice:

**A sociological examination of the potential for
import replacement in Atlantic Canada**

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REPORT BACKGROUND	1
INTRODUCTION	1
METHODOLOGY	4
DETAILED FINDINGS	6
FERTILE GROUND FOR IR	7
RISKS AND CONSIDERATIONS	12
COME AND GO: THE NEED FOR DIVERSIFICATION	12
NOT JUST JOBS, BUT GOOD JOBS	17
ENVIRONMENT AND SUSTAINABILITY	20
RIGHT-SIZED DEVELOPMENT	23
BARRIERS TO IMPORT REPLACEMENT	26
AN UNEVEN PLAYING FIELD: ECONOMIES OF SCALE	27
REGULATORY NETS	30
DEMOGRAPHY AND DEMAND	33
LOCAL AMENITIES	36
THE MYTH OF ENTREPRENEURIAL SPIRIT	42
OPPORTUNITIES	42
LOCAL MANUFACTURING (EXCEPT FOOD)	43
LOCAL WHOLESALE AND RETAIL	43
LOCAL PROFESSIONAL SERVICES	44
LOCAL FOOD	44
LOCAL FINANCE, INSURANCE, AND REAL ESTATE	45
HOW TO GET THERE	47
THREE I'S: IDENTIFYING LEAKS; INVENTORYING OPPORTUNITIES; INVITING ENTREPRENEURS	47
WORKING TOGETHER: COOPERATIVES AND WORKER-SELF-DIRECTED ENTERPRISES	48
ENCOURAGING LOCAL PURCHASING	51
LOCALIZE INSTITUTIONAL PROCUREMENT	53
LABOUR FORCE ATTRACTION AND RETENTION	54
SUCCESSION PLANNING	55
HOW TO IMPROVE BUSINESS INFRASTRUCTURE	56
THE ROLE OF GOVERNMENT	57
CONCLUSION	59
APPENDICES	61
APPENDIX 1: RESEARCH INSTRUMENTS	61
APPENDIX 2: COMMUNITY SELECTION TABLE	75
APPENDIX 3: TYPES OF COMMUNITY ASSETS, AND A QUESTIONNAIRE TO GUIDE INVENTORY DEVELOPMENT	77
APPENDIX 4: ENDNOTES	79

REPORT BACKGROUND

This report is one part of a collaborative project spearheaded by the *Centre for Local Prosperity* (CLP) and funded by the Atlantic Canada Opportunities Agency's (ACOA) Atlantic Policy Research Initiative (APRI).¹ The project, entitled ***Import Replacement: Local Prosperity for Rural Atlantic Canada***, assesses the potential for import replacement in the Atlantic region through two complementary strategies:

- I. **Macroeconomic leakage analysis:** a snapshot of import and export activity in each of the four Atlantic Provinces identifies sectors and industries where there is high local demand and significant room for local producers and suppliers to meet that demand.
- II. **Focus group case studies:** in-depth, sociological examinations of the social and cultural factors in specific communities that might frustrate or, conversely, support import replacement.

This report covers only the second component: the focus groups (II). Michael Shuman presents the findings from the macroeconomic leakage analysis (I) in a separate report, entitled ***Prosperity Through Self-Reliance: The Economic Value of Import Replacement In Atlantic Canada & How to Achieve It***, and available at <http://centreforlocalprosperity.ca/studies/>.

Dr. **Karen Foster**, Canada Research Chair in Sustainable Rural Futures for Atlantic Canada and Associate Professor of Sociology at Dalhousie University, designed the focus group methodology to meet and exceed the standards of the Tri-Council Guidelines for the *Ethical Conduct for Research Involving Humans*, led data analysis and produced this report. The CLP coordinated local resources, relationships and support in each community, and shaped the objectives, methods, and scope. The CLP's Executive Director, **Robert Cervelli**, facilitated the focus groups described below and served as the study's main liaison with ACOA, while CLP Senior Advisor **Gregory Heming** observed select groups and provided input on the methodology and analysis. **Andrea Vandenboer**, a staff member of CLP, organized and recorded the focus groups, coordinated recruitment and advertising, and arranged travel and other logistics. Research Assistant **Katie Harris**, a Dalhousie Social Anthropology PhD student, co-facilitated two focus groups, conducted background research on each community, led the development of the consumption survey referenced in this report, and helped analyse focus group transcripts and survey data. **Dr. David Banoub**, Historical researcher and consultant, transcribed focus group recordings.

Additional background, including more information on the focus group methodology, is described in the METHODOLOGY section below.

¹ The Centre for Local Prosperity is a registered non-profit organization promoting local economic solutions for rural communities throughout Canada, with a focus on the Atlantic region. See www.centreforlocalprosperity.ca

INTRODUCTION

There is a lot to be optimistic about in Atlantic Canada’s small towns and villages. Rural main streets in many communities are undergoing revivals, with maker-spaces, farmers’ markets, independent cafes and restaurants, and small business “hubs” bringing culture, sociality and commerce back into buildings that even a decade ago were shuttered. Craft breweries and cideries, small organic and free-range farms, and sustainable, community-owned aquaculture, internet, and woodlots have managed to challenge the dominance of corporations and factory farms.

But at the same time, the narrative of rural decline—one most Atlantic Canadians are familiar with by now—still rings true: young people are leaving and those remaining are growing old; families are separated by the westward pull of oil economy jobs; major industries and employers are shifting operations to places with lower wages and looser regulations; and tax and consumer bases are too weak to hang on to local schools, grocery stores, hospitals, libraries and community centres.

We know this story by heart because Atlantic Canadian economies, for as long as they have existed as such, have been seen as a “problem” to be solved through government policy.¹ Economic development in the region is almost an industry unto itself, with many careers built and sustained by it. But in the 150 years since Confederation, despite continuous government intervention in rural economies, from the ‘smokestack chasing’ of the 20th century to the mantras of ‘opportunity,’ ‘competitiveness’ and ‘growth’ that drive development agendas today, Atlantic Canada’s rural population has steadily declined with only a handful of periods of stability.

Some rural communities have disappeared entirely, and relocation programs continue to entice residents of isolated outport communities to move to more populated centres.² Even the rural economic development mandates that have been robust enough to survive election cycles have had limited success stimulating rural economic activity; moreover, they have often been out of step with what rural Atlantic Canadians need and want—and what is right-sized, achievable and sustainable—for their communities.

The slow and steady revival of craft industries, local food, and community ownership models shows that Atlantic Canadians understand implicitly the benefits of increasing local production, ownership, and consumption. Everywhere there is a push toward ‘buying local,’ and eating local, but this focuses largely at the level of consumer choice. As the focus groups conducted for this report made clear, we think of the father purchasing the weekly groceries, or the aunt choosing a birthday gift, and we hope they will choose things that are grown or made close to home, from a locally-owned retailer. Implicitly, we appreciate that it is better to give a dollar to a neighbour than to a faceless corporation. But we rarely stretch our imaginations to consider the whole ***local balance of trade***: the total relationships between imports, exports, and local and nonlocal demand.

Lo•cal bal•ance of trade *phrase*

1. the total value of exports from a local economy, minus the total value of imports.

An economy that exports more than it imports is said to be in a "positive" trade balance, whereas an economy that imports more than it exports is said to be in a "negative" balance. The balance of trade matters because, as economist Michael Shuman shows in a separate report prepared for this project, **the Atlantic region is importing \$11 billion more than it is exporting, and every one of the four provinces in the region is running a trade deficit as well.**³ **One of the keys to economic development in the region is to transform this deficit into a surplus.**

The dominant mode of thought over the last half-century of regional economic development has prioritized increasing exports as the only way to achieve more balanced trade, but the result of this thinking is that our region and its rural communities have become further dependent on global markets, more vulnerable to economic shocks, and less *self-reliant*. The study undertaken here begins from the premise that a better way to improve a community's self-reliance, and thereby its resilience vis-à-vis an expanding array of global economic shocks, could be to bring down imports through **import replacement**.

IMPORT REPLACEMENT

Im•port Re•place•ment: *verb*

1. the act of replacing imported goods or services through local ownership, finance, production, and distribution;
2. a community economic, political, and social strategy to build long-term economic and ecologic resilience.

Import replacement, an idea championed by the late Jane Jacobs, means prioritizing local production for local demand.⁴ Its goal is increasing a region's capacity to meet the economic, social, and cultural needs of its people from within the region—not in a spirit of isolationism, but in a spirit of self-determination. Practically speaking, this means fostering economic activity that helps communities produce, for themselves, goods and services that are currently imported, to keep money circulating locally.

Theoretically, a local community committed to import replacement would identify key goods and services that residents and businesses are currently importing from outside, and systematically develop ways to produce and supply them through locally-owned businesses instead. By nature, these activities should bring more control to local communities.

But how things work 'in theory' does not always reflect how they work in real communities, with their particular histories, cultures and social relations. The focus group case studies presented in this report were designed to identify the social and cultural barriers to and opportunities for import replacement in rural Atlantic Canada. Thus, they represent an attempt to bridge the theory and practice of import replacement, with an eye to informing any policy or community initiative that aims to reduce a place's reliance on imports. A description of the exact focus group methodology used to meet these objectives proceeds next.

METHODOLOGY

The focus groups were intended to address some sociological questions that attend any economic development idea. In the specific case of import replacement, we must ask: what social and cultural barriers might frustrate efforts to plug economic leaks? Conversely, what social and cultural factors might support import replacement? In short, the objective was to understand the economy as a social creation and a social space, with social dynamics that must be taken into account by anyone interested in changing it.

Four communities were selected as case study sites. In addition to the focus groups, which are the primary source of data for this component, the research team produced a brief historical sketch of each, and used the focus group site visit as an opportunity to conduct informal, observational ‘fieldwork’. The latter entailed visiting commercial centres and historical sites in each community, and speaking to local residents and business owners before and after the focus groups themselves.

Recruitment materials, consent/background documents and research instruments (e.g. focus group questions, participant survey) were developed to meet the standards set out in the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS), guidelines to which all university research conducted with human subjects must adhere. These research instruments, including recruitment materials, focus group questions, and the participant survey, are included as an Appendix to this report (Appendix 1).

Site visits for focus groups were conducted in two phases: the first in April 2016 and the second in April 2017. In the first phase, six focus groups took place in three rural communities in Atlantic Canada, with two each in Shelburne (Nova Scotia, population 1,743), Souris (Prince Edward Island, population 1,053) and Miramichi (New Brunswick, population 17,537).⁵ In the second phase, a workshop and public ‘town hall’-style meeting were held in the Burin Peninsula (Newfoundland, population 17,791).⁶ The workshop and town hall have been treated in the same manner as the focus groups, although as explained further below, they differ in some important respects. Thus, each phase is described separately below.

Phase 1: Focus Groups

The first three focus group communities were chosen on the basis of population size and age composition, major industry and nearest urban centre, with the objective of getting a good mix of characteristics across them (see Appendix 2 for a detailed explanation of the selection process). In each locale, one focus group invited participants who worked in government (any level) or owned businesses (hereafter the “Business and Government Group”) and one focus group invited residents who could work in any field or be unemployed (hereafter the “Community Group”).

Business and Government Group participants were recruited “snowball style” through direct emails to CLP contacts, who then forwarded the invitations to their networks. Calls for participation for the community groups were posted in local community centres and other

high-traffic locations and advertised in community newspapers and on Facebook. In total, 62 people participated in the focus groups, broken down as follows:

Shelburne - Community 12 | Business-Government 11 = 23
Souris - Community 11 | Business-Government 10 = 21
Miramichi - Community 8 | Business-Government 10 = 18
Total – Community 31 | Business-Government 31 = 62

Focus Group participants were asked to discuss the state of their local economy, its strengths and weaknesses, how they personally make decisions about participating in that economy, and what they think ought to be done to improve it. Halfway through the focus groups, they were presented with the idea of import replacement and asked to consider how it could work (or not) as a strategy for economic development in their towns and regions. Participants in the Community Groups were also given a short, anonymous survey about consumption and employment to fill out after the focus group (see Appendix 2). All groups were held in community spaces, such as church halls and community centres.

Phase Two: Burin Peninsula working group and town hall

A fourth set of focus groups planned for Lord's Cove, Newfoundland, encountered a mix of obstacles that ultimately compelled the research team to try a different approach. Specifically, it was difficult to recruit enough participants on the same date, first because of the community's size—only 162 people lived there in 2016—and second because residents were often balancing multiple jobs, volunteer positions and family obligations, all with inconsistent and in some cases unpredictable schedules. After attempting to convert the focus group approach into a telephone interview-based study, and encountering similar recruitment problems, the research team worked with one local contact (a presenter at a past CLP conference) to organize a working group on import replacement. The *Burin Peninsula Working Group* (BPWG) expanded the case study area to encompass the entire Burin Peninsula, which includes Lord's Cove and several other communities.

The BPWG was comprised of men and women who are active in volunteer groups, NGOs and/or governments (e.g. municipal councils). Participants were recruited via an email or phone call directly from the local contact, given some background readings on IR, and asked, via teleconference, to consider what it might mean in their area. They were invited to take part in a three-hour workshop at the College of the North Atlantic (CNA) Burin Campus in April 2017; 8 people took part in the teleconference, but only six attended the workshop.

The workshop was divided into two halves. In the first, participants were engaged in a “visioning” exercise where they were asked to list their wants, needs, hopes and fears for the Burin Peninsula economy. The ideas were meant to form the basis for a vision statement for local economic development, but the group ran out of time, so this component became ‘homework’. In the second half of the session, participants were tasked with coming up with inventories of different kinds of local assets, for example “human capital”; “underutilized assets” like vacant buildings, land or untapped labour pools; community groups working on economic development, and so on—assets that could conceivably be used to plug economic

leaks. The practical point of these exercises was to get the group to begin to develop a local economic development plan, to channel discontent with the existing economy into a set of objectives, tools to get there, and indicators to measure progress, all with the notion of import replacement as a general goal. The research objective was to observe what happens when members of a community try to do something to gain control over their local economy, in this case with import replacement in mind. The results of the workshop—including the inventory lists and vision statement—were presented at a “town hall” style public meeting later that day, on the CNA campus.

The Town Hall meeting was advertised on Facebook, in the local print and online newspaper, and via emails to local business networks and community associations. On the evening of the meeting, sustained freezing rain did not deter 15 people from showing up and participating in a two-hour semi-structured discussion of import replacement in the Burin region. In what follows, participants have been given pseudonyms. Only the identity of their communities (e.g. Shelburne, Miramichi) is unchanged.

Data analysis

All focus groups and the Burin workshop (but not the Town Hall meeting) were audio recorded and transcribed, and the transcripts analysed by up to two researchers using what qualitative researchers call an “emergent coding process.” In brief, researchers read the transcripts and “tagged” passages with words that represent themes of interest. Each researcher’s tags, called codes, were then compared, organized (into major and sub-themes) and combined as appropriate for a second reading of each transcript.

Coding generally allows researchers to identify recurring themes and narratives, to draw out contradictions and tensions in what people say and believe, to examine debates and disagreements as well as areas of consensus. Practically speaking, coding also allows researchers to summarize many pages of transcripts, and to look back at transcripts and easily find quotations from participants to illustrate a point. For example, Dr. Foster and Ms. Harris found that many participants told stories that compared a “better” past to a “worse” present, and we tagged these stories *Narrative of Decline*. But we also found instances—less often, but still significant—where participants challenged narratives of decline and noted the ways in which things in their community were getting better, or disputed the idealization of the past. We tagged these stories *Narrative of Decline (disagreeing)*. The codes helped point the researchers to dominant themes in the data, which have been used to structure the findings below.

DETAILED FINDINGS

The research undertaken for both components of this project confirms that communities in Atlantic Canada are significantly “leaking” money, jobs and spinoff benefits. If these communities produced more goods and services locally, they could keep more money, jobs and tax revenue *local*. The project’s macroeconomic leakage analysis, available at <http://centreforlocalprosperity.ca/studies/>, reveals significant import replacement opportunities in seafood processing, forestry byproducts, and agriculture. But after nearly a

century of focusing economic development on export markets, the focus groups detailed below show that Atlantic Canadian communities are rightly skeptical of global export markets, placeless notions of “competitiveness” and economic success. They demand, instead, careful development that prioritizes local ownership and takes local needs and market demand into consideration. There is, in other words, fertile ground for Import Replacement, but like anything that grows it will need planning, care and cultivation.

FERTILE GROUND FOR IMPORT REPLACEMENT

In every case study community, the negative impacts of fickle global markets, export-led development, and import-dependence were recognized and felt. Participants understood, from experience, a central tenet of Import Replacement theory: that money spent on imported goods and services “leaked” from their community.

“When you go to Tim Horton’s and buy a coffee for a buck, [...] .85 cents of it goes out. If the guys on the [fishing] boat don’t make the money and it’s made by 3 or 4 of these big plant owners down there, it gets shipped off shore.”

Don⁷ in Shelburne

“We’ve lost most of the local stores [in my small community] because people are shopping in Marystown.”

Fiona in Burin Peninsula

“As a child I can remember a trip to Marystown was just like some big undertaking... maybe every two or three months, [if] you were lucky. I mean now it’s an everyday occurrence, because of the paved roads, then it was dirt roads. Plus not everybody had cars, so like it’s grown a lot since then.”

Sarah in Burin Peninsula

These commentaries point to the double-edge of what we often call progress: the growth of regional centres, the penetration of multinational businesses into formerly isolated parts of the world, the spread of automobility and the freedom of movement it brings—all of these things open up worlds of placeless opportunity, but they might constrain local possibilities.

Importantly, watching money leak out of their home communities made people *feel* bad, so as much as possible they endeavored to buy locally-made products and spend their money with vendors and service providers who lived in their community or nearby. Over time, we came to understand these preferences and priorities as a set of *consumption ethics* that guide people's choices about what to buy and from where. They are important, because they constitute one of several keys that are necessary to unlock the potential for import replacement.

Consumption Ethics

It may not be surprising that participants in every community spoke about consumption—purchases of food, household essentials, ‘big ticket’ items, business supplies—as an activity with ethical connotations.

“Buying local” was consistently presented as the right thing to do, because it was a way to “support someone local.” Some even pointed to purchases made in other communities or online as “depriving somebody local.” A younger participant in Miramichi emphasized that buying local was better for the environment, because purchases were not shipped as far, and an older participant underlined that it was a way to trust what you buy. But the clearest expressions of ethics came wherever people used words like *guilt* and *shame* to describe purchases that do *not* “support” local producers and sellers. Alice in Shelburne admitted she drove out of town to a large chain store earlier that day to get a new vacuum, but it made her feel “*ill*, I’m allergic to it.”

“I get upset when I see the UPS truck come up my street three times a week to drop off stuff because I know people are buying online and I think about what that’s doing to our community and it—it—it bothers me.”

Nancy in Shelburne

Joanie used similar language to explain how she felt when she went to buy a souvenir of Nova Scotia for a Chinese exchange student in town. She was late, ran out of time, stores were closed, and she ended up buying the kid a little lighthouse and calendar both of which were made in China. She told us how bothered, mad, and upset she was peeling the ‘made in China’ stickers off those purchases.

Thelma in Souris told us about a community where she used to live, a company town where, before the 1960s, “the people never shopped anywhere else [...] because everything they felt they needed was there.” But through the second half of the twentieth century, people “had more access to automobiles” and would travel further to shop. By the time Thelma lived there, going “across the border to Calais, Maine” was a regular occurrence. Describing her own experience of those trips, Thelma said she was “*guilty* of it” too.

At times, other people became the target of judgment. For example, some participants pointed to the “summer people” who keep cottages in rural communities, living there for the summer and disappearing in the winter.

"A lot of summer people don't help the economy when they're here in the summer time. They will go to Montague or Charlottetown on a regular basis. They barely buy groceries here; I know that for a fact. They may go to the liquor store. [...] So there is money here, it's just not necessarily spent here."

Sandy in Souris

Sandy's choice of "the liquor store" is probably not accidental. It may be a nod at vice in a morally-tinged discussion of shopping—one she made again, in a subsequent comment, and one another participant made when she joked that "the only business that's working well right now is the liquor store."

In contrast to the online shoppers and "summer people", participants reminisced about historical practices—canning, salting fish, and mixed farming—valorizing the work that went into these subsistence and informal economy activities and admiring the asceticism of foregoing convenience. Some suggested it would be beneficial for rural people to forget about eating fresh strawberries all year round, and get to freezing or canning them in the summer. They proposed that they and their neighbours should try to grow the food they can't find in the local grocery store; perhaps, they said, kids could learn to farm at school.

In all comments like these, there is a hint of morality about connection to community, the seasons, the earth, where food comes from—and perhaps the notion that being a good citizen (one goal of education) involves orienting oneself to preferring the taste of something grown locally. As Nick in Miramichi said, "I happen to think that that tomato from Rogersville tastes better than that tomato that's spent two weeks [on a truck], so not only is it the right thing to do, it's not really more expensive and it tastes a lot better, so to me, if it's available it's a no brainer." If we accept the sociologist Erving Goffman's theory that people seek to present their best selves to their audiences, like actors in a play, we might imagine that Nick chose to present a self that can taste the difference between a local tomato and an imported tomato, an ability that stems from an ethical concern for his community.⁸

All of this simply underscores the important sociological fact that **people's economic choices—about what to buy, when, and from where—are imbued with ethical, moral and social meaning. People want to do "the right thing", and in rural communities—as in metropolitan cities!—this is understood to mean prioritizing local products, vendors and service providers, because doing so means supporting one's community and helping it survive into the future, and also being able to trust the integrity and wholesomeness of what you are buying. These connotations are important to understand, encourage and cultivate if we want to maintain healthy, prosperous rural communities.** However, focus group discussions and surveys revealed that people did not always abide by their own ethical rules. Below, we will explore some of the things that cause people to compromise on their ethical positions. But first, a further finding that suggests there is fertile ground and community support for import replacement in Atlantic Canada.

The absurd story

In each place, we heard multiple versions of the same absurd story: small communities send their products away, either for consumption or further processing, and then buy those or equivalent products back for their own consumption—or have trouble finding them at all. The story often revolved around food, most often seafood: Shelburne, Souris, and Burin all feed distant markets from their oceans and then suffer from food insecurity themselves. Community living facilities and hospitals next door to some of the most active fisheries anywhere served their clientele “Captain Highliner,” as one participant put it. Locals did not know what to tell tourists looking for a fresh lobster roll in Shelburne or cod and scrunchions in Burin; with the exception of a handful of times when a local tried and soon failed to start a roadside stand or restaurant, there were few obvious, accessible, ocean-to-table options. One of the research partners at the Shelburne focus group, moderating the discussion, asked, “tonight, if I wanted to get steamed lobster?” And the group told him: “you’re not getting it. It’s a damn shame.”

“You’re not going to find fresh lobster, lobster capital of Canada—lobster capital of the world! [And] you have to go to Sobeys to buy fresh, and do it yourself.”

Shelburne Focus Group

In Burin, the same thing: “The locals and tourists are amazed. We’re known for being a fishing province, and there’s no fish markets,” said Fiona. There was some hope that this would soon change, due to a recent regulatory change that allows fishermen to sell their catch directly off the dock to consumers for household consumption and restaurateurs for preparation and resale.

The ironic scarcity of seafood in fishing communities stems partly from broad structural changes in the way the Atlantic fisheries have been *managed* from about the 1970s onward. As fisheries scholars Apostle *et. al.* explain, although we now think of fish as a stock that is managed through quotas and licenses, this was not always the case. It took international agreements and the establishment of “exclusive economic zones” (EEZs), which turned the fish along coastlines into the property of the nearest states and prohibited other countries’ fisheries from harvesting in those zones to create “a global fish market.” “Coastal nations with relatively abundant fish stocks became major suppliers of fish on the world market. Countries that had traditionally fished around the world became importers of fish. There was thus an enormous increase in measured trade in fish products.” These changes, alongside targeted government policies and subsidies, “meant a weakening of the links between harvesting and processing [...] as it became cheaper for companies to source product elsewhere in the world, rather than harvest it locally with their own vessels, or to buy from the inshore fleet.”⁹

While they did not always articulate the issues above in terms of a global supply chain, people in the focus groups had an acute sense that the convoluted path locally-caught seafood takes on its way to market hurts industries and people in small communities. They had a sense that their communities ought to be trying harder to benefit from the fisheries—to engage in more ‘value-added’ initiatives, to keep processing and distribution closer to home and thus maintain or regain some control over the supply chain. In Shelburne, Josh lamented how “a lot of the products, we skip over the value-added part, and we skip over the manufacturing part, and we just ship the raw product and there’s opportunity to expand on that.”

Josh’s perception of the situation is very accurate. Atlantic Canadian fisheries have shifted toward a “high-volume, low-cost” model where the objective is to get rid of product as quickly as possible, in contrast to a low-volume, high-quality model that adds value and traceability that consumers are actually willing to more pay for. Looking only at Haddock imports and exports from Nova Scotia, a 2013 report from the Ecology Action Centre showed that over 90% of haddock is exported *unprocessed*, a loss of “over \$7 million in direct export revenue in 2011.” Nova Scotia’s GDP takes a further hit because the province then imports haddock fillets back in (usually from China) for domestic consumption. Indeed, “over the past four years the export of whole haddock and re-import of haddock fillets has directly cost Nova Scotia’s GDP between \$5 and \$20 million each year, not accounting for the economic impact of employment in processing.”¹⁰ This does not even touch on the deferred environmental costs—costs our grandchildren will pay—of packaging, transporting, and selling and re-selling high volumes of seafood around the world and back.

While this problem is particularly significant in the seafood industry, it plays out in similar ways in many other industries where, in industry parlance, the “value chain” is not locally “integrated” and/or export markets are prioritized to such an extent that domestic markets are short on supply. This is true of the energy sector, and in certain areas of forestry. We learned, for example, that Miramichi had experienced a shortage of wood pellets because local producers shipped everything to Europe, where the product is subsidized. There are ways to add value to almost every raw product, including production waste—but it was widely perceived that Atlantic Canadian communities were letting those opportunities go and then paying more to import superior products. The macroeconomic leakage analysis conducted for this project, and available at <http://centreforlocalprosperity.ca/studies/> suggests this perception is accurate.

Furthermore, people in the focus groups understood that relying heavily on imports compromised food security in their communities. On the Burin Peninsula, Bennett framed this as a dire problem with a potentially economically lucrative solution:

One of the greatest opportunities I think in the province as a whole is in the area of produce [food] production [...]. Because we’re dependent upon the ferries to bring in all our produce and it’s estimated that only 10% of what we consume is produced here in the province, we have about a 4-day supply, if the ferries are not running in 4 days, you’ll see the shelves in Sobeys and

others getting pretty bare. So there's a big opportunity, especially in agri-foods sector, to [do] import replacement for sure.

Burin Focus Group

Interestingly, other Burin participants connected food insecurity and import dependence, with social inequality and a loss of traditional skills. To Fiona it seemed like the wealthier her community and the entire island had become in general—and the more unequal, in terms of wealth distribution—the less they were able to manage on their own. She recalled a time, several decades ago, when her community was ice-bound for 20 days. “We had no issues. There was no shortage of food, there was no issues with heating your house ...power. We were prepared.” In contrast, more recently she heard of a small community icebound for two days that had fights breaking out in the barren supermarket aisles. “The problem I find now,” she said, “is that as we become better off, there’s more money coming in at the top, but people are poking more holes in the bottom of the bucket.” In other words, the resiliency was being drained from small communities by an emphasis on the wrong kinds of prosperity and progress.

Thus, it was clear within minutes of beginning each focus group that **rural Atlantic Canadians know this story by heart, and therefore the rationale for Import Replacement, and the need to put it in practice, was a foregone conclusion.** Instead, discussion zeroed in on the potential risks involved in import replacement, considerations for any policy or initiative designed with import replacement in mind, and barriers to meeting local demand with local production.

RISKS AND CONSIDERATIONS

Come and Go: the need for diversification

Focus Group participants in every community had little trouble pointing to opportunities for local economic development, particularly those opportunities associated with the industries with the deepest local histories—like fishing in Shelburne, Souris and the Burin Peninsula, and forestry in Miramichi. They could imagine doing more with the byproducts of established activities, for example generating energy from landfills or wood pellets from forest biomass; they could point to technology and raw materials each industry needs that could be made and sourced locally—this *is* import replacement; they could identify opportunities for value-added and increased local consumption—another import replacement example—in already-thriving export industries.

But there was also some trepidation about ‘leaning in’ to dominant industries by investing more in processing, distribution, and other value-added activities, for one main reason: people in each community were uneasy about the reliability of export markets even in good times, because every export boom they had been through had been followed by a bust. Accordingly, the stories we heard in Burin were anchored to pivotal moments in the cod fishery—from ageing fishermen’s boyhood memories of boats packed to the gunnels with

fish, to the lasting impacts of the 1992 cod moratorium. In Shelburne, participants rode the rise and fall of lobster stocks and prices like deep ocean waves. In Miramichi, it was the collapse of the town's entire pulp and paper industry over the course of five years, from 2004 to 2009.¹¹ These economic ups and downs shaped community perceptions of past, present and possible futures, and participants understood that economic fluctuations were intimately connected with community life and well-being.

"When I moved here, the mills were going strong and people were spending all kinds of money because of that and there was more stores you could buy things in. And groceries weren't as astronomically expensive. They were very cheap, actually, when we came here because of the mill. Restaurants were really powerful [...but] when the mill went down and then when the air force left [...] things just fell apart and I have found that nothing has come in to fill it."

Alice in Miramichi

"When I was a kid we had the boy's school and the base. There was a bigger population here so we had two grocery stores instead of one and all that stuff."

Shelley in Miramichi

While most focus group discussions were premised on, and then dominated by a narrative of decline, there were notes of optimism, resilience and rebuilding. In response to Alice's recollection of the rise and fall of Miramichi, Monica said:

"I find that interesting, because I'm not from here originally either. I'm from the North, from Dalhousie, where it's bad there right now, but when I came in here it was the end of the mill and I never knew the air force part, so I never got to see the boom of that. And I was here, it was down... [but] now I see for the next couple of years everything that is coming into our city for different reasons, whether it is tourism or new businesses that are coming. I hope and I think that what I see is more of an 'up' that is coming in the next five to ten years. So fingers crossed. Everything we are supposed to have will happen. "

Monica in Miramichi

Back in Shelburne, participants in both focus groups told us that things were "booming right now. Booming with lobster. Booming with what we have. And tourism." Don, however, cautioned that, to his mind, "the critical thing is to not think it's going to boom tomorrow."

But in Souris, Joe offered the point that “the fisheries here is probably going to stay whether it’s good or bad.” “It doesn’t make a whole lot of difference,” he surmised, and Thelma agreed. Their thoughts reflect a rural folk-perspective on economics that scholars Beck and Ionescu described in a recent article about rural New Brunswick: “a sense of *va-et-vient* [...] in part defines our communities: what washes in with the tidal bore will just as easily be effaced with its retreat.”¹² On the one hand, the “come and go” of these communities’ histories made them feel capable of weathering any economic storm; on the other hand, it tempered their excitement about future economic development.

Nevertheless, the bearers of this situated wisdom did not take it to mean they should cease trying to improve the local economy, even if the task seemed Sisyphean sometimes. Across the focus groups, participants rightly emphasized the need to focus development efforts on *diversification*, as a way of simultaneously generating local wealth, creating jobs, and insulating against shocks in the markets for their primary exports.

For example, everyone in Shelburne saw the potential for a domino effect whenever lobster stocks or prices began to fall. In the business and government focus group, Don pointed out uneasily that a neighbouring fish plant owner was “putting a big extension over here on his machine shop”. “And why?” he asked rhetorically. “Lobster. Boats. Boatbuilding. It’s all about the lobster.” Bernadette, who worked in tourism, cautioned that “it’s dangerous to base your economy on lobster just to concentrate on that one thing as going to be saving everything else or boosting everything else, because [...] you don’t know if it’s a good year or a bad year coming, and you could have several bad years in a row.”

The dominance of lobster fishing over other species in Shelburne—“swordfish in the summer, rockweed, [...] Haddock, halibut, groundfish”—worried local residents. They understood, as Greg said, “one of our biggest strengths is also one of our biggest weaknesses. You know, lobster is key, it’s crucial but we’re so focused on that, that we don’t have the diversity and if anything ever went wrong, goodness I don’t even want to say that, it would be devastating.”

Thus, they pointed to potentially lucrative opportunities to fish other species. For example, Danny in Shelburne remarked on the “enormous potential for secondary or unused fishing species. I think there’s what, 8 active species that are the mainstay of all fishing? And how many tens of thousands of different species are out there, almost every one of them which would be consumed by someone in Asia, we don’t market any of them. There’s potential for all of them but we are not [taking advantage].”

Another realistic avenue for diversification in the three coastal communities was also one of the most risky: offshore oil and gas. According to Greg,

“We’d love to have the [offshore oil and gas] revenue because it helps us diversify, but on the other hand, oil and lobster don’t mix very well. So you have our biggest industry saying we don’t really want that, we have municipalities saying they want the revenue and that it would be great to

diversify a bit but at the same time we have to protect the lobster and the fishing industry at all costs, so it's a real... what do you do there?"

Greg in Shelburne

Corey agreed that the community would be "supportive of it", but only "in a very, very safe environment" with regulations to protect the lobster and other fisheries. Thus, participants felt the need for sensible, sustainable diversification that *complemented* extant industries, and did not directly *interfere* with or threaten other industries, without being entirely *dependent* on the success of those other industries. And just as they understood, from experience, the importance of not putting all of a community's eggs in a single export basket (as is the case with oil and gas), they knew production for the local market had to be diversified too. The perceived opportunities for smart, diversified, import-replacing business are discussed later in this report.

For now, it is important to make a distinction between two kinds of diversification. In the preceding discussion, the focus has been on diversification at the level of industry. But there is another sense in which rural communities are attuned to the need for diversification: in their own individual livelihoods. It is common in rural communities with seasonal industries—and has been for centuries—for people to engage in what anthropologists and historians call "occupational pluralism." In some cases, people hold multiple paid jobs, but the more likely arrangement is for people to engage in "petty production", odd jobs or under-the-table work in the so-called "informal economy" in addition to their primary occupation.¹³

In fact, rural Canadians are far more likely than their urban counterparts to be involved in some form of self-employment, and this is usually in addition to some other form of paid employment.¹⁴ In the focus groups, this was both a common attribute of participants and a practice they observed—and valued—in their communities. In Shelburne, Lill recalled: "when I moved to Lockeport, I was told I'd need two jobs. Don't give up your editing." She thought in retrospect that it was "good advice."

On the Burin Peninsula, participants revealed the extent of "trading" services and goods—for example, quilts for electrical work—in the informal economy, a practice that intersects with occupational pluralism. "That stuff is still going on," Fiona told us. "It's not as strong as it used to be, but it's still there." Bennett concurred:

"Most people in rural Newfoundland, they're masters of their destiny. If you need a bit of electrical work done, plumbing, plastering, carpentry, they do it.... They don't have to depend on making a call for a carpenter and waiting for six months for someone to come fix a step, or fix your bridge."

Bennett in Burin

Sarah added, “if they don’t know how to do it, their buddy down the road can trade them something.” Fiona recalled “there was a kid in my class, his father had a big business and he said to me one day, ‘my father said, that if he three jobs he’d hire one Newfoundlander, because he could do the three of them.’” She and the others in the Burin group, as well as participants across the other three communities, perceived a loss of these eclectic skillsets among rural Atlantic Canadians. Fiona believed that rural people had more useful skills when unemployment was high and labour mobility was low. In other words, the allure of high-paying jobs “out west” prompted people to specialize in such a way that they lost the ability to adapt to and take advantage of sporadic, diverse local opportunities. These anecdotes were tinged with pride in the traditional resourcefulness and resiliency of locals, but there was some ambivalence about multiple job holding or occupational pluralism. Not everyone wanted a return to the past of “jobbing around,” nor did they want to leave it completely behind, because it had its benefits.

In Shelburne, Vince surmised that “there is the basis of a wonderful economy here, and it is working. But,” he continued:

“Much of the work is seasonal—which is not a bad thing, not a dirty word. Sorry Ottawa, it’s not a bad thing. It’s the style of work that is available. It is profitable, it is available, and it is eternal (if well managed).”

Vince in Shelburne

The other participants in his group concurred. Much of the work available locally was not full-time or not paid well enough to support a family even with full-time hours. The fisheries were generally seasonal (although there have been growing calls for year-round activity¹⁵) and the wages for harvesters in forestry kept low, participants said, because of overhead costs for forestry companies. They reflected on the resulting options for local workers with both reverence for their resilience *and* recognition that occupational pluralism, as a strategy mitigating insecurity, was nevertheless an unstable and precarious way of making a living.

Robbie: “What we’re talking about here in our economy is that there’s a lot of people that work a season doing one thing whether it’s lobster fishing or fishing or whatever and then another season, they could be carpenters or cutting wood or something different. So they do things to supplement their income and make a go of it.”

Moderator: So when you’re talking about seasonality, it seems the plus side is that people are able to be diversified in their livelihoods.

Unidentified participant: They’re *forced* to be.

Looking at participants' comments on the need for diversification at industry level, as well as the reality of diversification at the level of individual livelihoods (i.e., occupational

pluralism), it is clear that the benefits of diversification do not magically accrue to any person or community doing any random combination of different revenue- or income-generating things at once.

At the level of industries, successful diversification depends on careful consideration of industries and businesses that will complement rather than threaten each other, but which remain somewhat independent of each other's successes or failures. At the level of individuals, while there is value in having multiple sources of income, occupational pluralism should not be romanticized as a perfect strategy because it still lacks security. This matters because income security (apart, even, from income *level*) has been shown to be one of the most important factors in people's well-being, in rural and urban communities alike.¹⁶

Not just jobs, but good jobs

The point about occupational pluralism is related to a second consideration to keep in mind when working toward import replacement: when we talk about new businesses, products or services, we are also usually talking about new or transformed jobs.

Indeed, the Macroeconomic Leakage Analysis produced for this project revealed that a 10% shift in purchasing from nonlocal to local sources could provide jobs to more than a third of the people living in the four provinces who are currently unemployed. According to Shuman's research, a 10% shift could create more than 43,000 new jobs, \$2.6 billion in new wages, and \$220 million in new taxes.¹⁷

But for local economic development to take off and be sustainable, the associated jobs must be attractive to workers. Everywhere the research team went, we heard a similar perception that local businesses had trouble finding and retaining workers to fill their jobs. In Shelburne, for example, Danny knew that "Clearwater has trouble hiring enough people, so that means that there's jobs but not enough people to fill the work." Moments before offering his thoughts on seasonal work presented above, Vince said something similar: "we have lots of seniors. We still have [...] lots of children, [but] we do not have workers to fill the jobs – the many jobs – that are available."

However, this perception is not entirely accurate: first, the unfilled jobs that are most obvious to participants are clustered in traditional workplaces and industries—manufacturing, resource extraction and agriculture. Other kinds of work opportunities—in IT, e-commerce and other industries that use the Internet to offer opportunities to work remotely—are not so visible, and are not likely plagued by the same challenges as, for example, seafood processing and blueberry farms. Furthermore, this expanded universe of job opportunities in rural areas can actually improve the prospects for import replacing jobs. If more people can move to a place because they telecommute, the demand for certain local goods and services will be higher.

The second problem with participants' perceptions is that unemployment rates in each of the four communities vastly exceed the national average. The latest available community-level

employment and unemployment data, from the 2011 National Household Survey, are summarized below.

	SHELBURNE	SOURIS	BURIN	MIRAMICHI	CANADA
Employment rate	49.1%	45.9%	42.4%	50.5%	60.9%
Unemployment rate	14.3%	20.8%	20.3%	16.1%	7.8%

A more precise representation of the situation, then, would be that there have been “people without jobs *and* jobs without people” in certain traditional industries, as one participant put it. Indeed, according to the focus groups, many companies in these four communities brought in Temporary Foreign Workers (TFWs) to do the jobs that locals could not, or would not, do. Official statistics from Immigration, Refugees and Citizenship Canada (IRCC) back this up, indicating that NS, PEI, NL and NB had 1,370, 413, 695 and 991 TFWs, respectively, in 2015.¹⁸

The employment of TFWs perplexed participants. In their discussions, they revealed a belief that local workers are turned off by the wages offered by local employers, so TFWs who will accept lower wages are brought in to fill the gap. Participants were sympathetic to the individual motivations, needs and behaviours of both TFWs and local workers, but their rendering of the situation is oversimplistic. While wages are certainly affected by workers’ willingness to accept them, there are many other causes for the mismatch between available jobs and available labour: poor (and poorly supported) entrepreneurship; monopolies; the poorly developed markets of rural areas; and the absence of co-operatives and other structures to share costs and profits, to name but a few.

In any case, the focus groups revealed that **work in rural places is often seasonal, and residents accept this as a fact of life**. Again, this mainly characterizes the most visible rural jobs, in traditional resource-based and manufacturing operations—not the technology jobs occupied by workers who telecommute from rural communities. Focused only on the most visible industries, participants believe local jobs cannot be artificially stretched year-round (**to wit, “EI is a necessity here”**). Employment Insurance, for the record, is entirely funded by employer and employee contributions; both parties are essentially squirreling some of today’s wages away for tomorrow’s rainy day. It allows seasonal workers to take seasonal jobs without having to find a matching seasonal job (highly rare in these communities) for the opposite season.

The second point revealed in the focus groups is that **rural residents recognize that wages in many jobs in their community are too low to reasonably live on, even year-round**. Another exchange, from the Shelburne Business-Government group, serves to reiterate this point but from the perspective of employers. Greg, a local business owner, said he “wanted to get an idea out.” He continued:

“I hire about 20-30 people and [most] make less than 15 dollars an hour. [...] Even if they work the whole year, they don’t make enough money to buy new cars and there’s something wrong there and I don’t know what

the answer is. These are people that are as smart as someone building cars in a car plant or as smart and as good a worker as a drywall guy that works. We need to make it worthwhile for these – to attract the rest of the people who want to work to get into these manufacturing jobs. I'm just throwing that out there. The only people that make good money in my industry [...] and make decent money are people who work 70 hours a week."

Greg in Shelburne

Greg said he was “sure that the other industries around here have the same problem. We just – for some reason we don’t pay enough.” Erin chimed in: “you can make just as much on EI as you can working these jobs.” Most participants were deeply sympathetic to the people “raising a family and buying a car and buying Christmas presents” on “\$30,000 a year [...] in a fish plant.” “That’s the best people, that’s the people that go [to work] all the time,” Robbie pointed out. It was no mystery to participants why locals turned down these so-called opportunities in favour of a less secure, but more autonomous and possibly more profitable, patchwork of seasonal jobs, EI and under-the-table work. Yet participants also largely sympathized with small employers like Greg, who said: “I’d love to pay my workers more money I just got to have the economy to do it.” The validity of Greg’s perceptions should be challenged. It is not *just* “the economy”—the local demand, the overhead costs—that limits his business’s wages; it may also be the structure of his business (i.e., corporate, no profit-sharing), its reach into other markets, and how its production process is organized (i.e., use of technology, division of labour). All of these factors complicate the image of small local businesses struggling against immutable structural forces.

In the Burin group, a consensus among several participants emerged around the idea that young adults had been spoiled by high wages “out west” and it would take an “economic reset” to get their expectations in line with the reality on the peninsula. In Miramichi, a similar sentiment arose about the jobs of the past, in the pulp mills, and the impossibility of ever recovering those high wages and stability. It seemed to many in the focus groups that today’s thirty-somethings would have to take it on the chin and “learn to live on 14, 15, 20 dollar an hour range. They’ll learn to live down there. That’s where the reset is going to come.” This was only a problem, participants surmised, because so many young workers had gotten themselves into debt buying big homes and expensive cars. Importantly, this characterization of young workers as overly entitled and consumeristic has been disproven by rigorous social research.¹⁹ Furthermore, the wage question alerts us to the social risk that underemployed and unemployed rural people of all ages may turn away from questioning structural attributes of their local and global economies and lay blame on Temporary Foreign Workers and workers in outsourced businesses for “taking” jobs.

Nevertheless, with the exception of the Burin conversation about the younger generation’s expectations, the “good jobs” discussions in focus groups tended to circle around an impossible situation: there simply did not *seem* to be enough money to go around.²⁰ But is this understanding of the local economy accurate? Locally-owned enterprises need something other than a different local economy in which to do their business. They need

innovative business models. They might need profit-sharing. They might need better understandings of and connections to export markets. Whatever the case, these locally-owned businesses need guidance toward a balanced approach to local economic development, including the pursuit of export opportunities *and* import replacing activities.

Environment and sustainability

One of the touted benefits of import replacement is that it can reduce human impacts on the climate, for obvious reasons: products do not travel very far from production to purchase, and an improved local labour market, in theory, means shorter commutes for local workers. Local production usually relies more on local inputs; smaller scale producers usually do not cause mega pollution; local ownership increases responsibility and environmental stewardship; local self-reliance increases incomes and the tax base, which can be used for greater environmental stewardship. The ideal-typical import replacing economy thus has a smaller environmental footprint just by virtue of reining ownership, production and consumption into a smaller geographical area.

Importantly, **focus group participants did not spend much time discussing their environmental concerns or the potential environmental benefits of import replacement.** Protecting the environment and ensuring long-term ecological sustainability were not as high on the priority list as demography and income: keeping people in their communities and attracting new income for businesses and workers. **This finding alone suggests a need for more public education about the impact that economic activity has on the environment.** Still, the few times the focus group discussions turned to climate change and environment are instructive for thinking about import replacement.

A Buy-Local Lifestyle

In Miramichi, community focus group participants discussed the “environmental component” of “buying local.” Describing his food purchases, Nick said that by prioritizing locally-grown produce, “you’re reducing those greenhouse gas emissions, and saving the planet.” Andrew added, “you know where that apple came from and you know that it hasn’t been sprayed.” Interestingly, Nick tied his environmentalism and local shopping to a “generational” “lifestyle thing”:

“my generation, we are very concerned of the environment, but it also is a lifestyle thing. At the end of the day too, I happen to think that that tomato from Rogersville tastes better than that tomato that’s spent two weeks, so not only is it like the right thing to do, it’s not really more expensive and it tastes a lot better, so to me, if it’s available it’s a no brainer.”

While Nick’s thoughts did not take up much time or generate much follow-up discussion, they suggest that **an import replacement strategy, and particularly any efforts to incentivize or increase “buying local”, might fruitfully appeal to the *lifestyles and tastes* of local young adults by emphasizing the environmental benefits of local consumption as well as the *quality* of local food.** This emphasis could enhance rather

than edge out discussion of import replacement's other benefits, including local jobs and income.

Local Energy

The other noteworthy discussions of IR's environmental benefits revolved around energy. In the Miramichi community group, Alice opined that the town needed "some sort of an environmental way to harness the energy here" that could bring in new businesses and income. She imagined that businesses could access "free hydro" as an incentive to set up locally, and asked why Nova Scotia and Ontario had so many windmills but Miramichi did not. She was not alone in thinking her community was missing opportunities to capitalize on the sustainable energy revolution.

In the Miramichi Business-Government Focus Group, Mark recalled a shortage of wood pellets in the town the previous year and tied it to an absurd prioritization of exports. "Commodity shortages, that's third world," he said. His fellow participants helped him piece together an argument in favour of reducing reliance on energy imports and putting local needs first. Mark noted that "the equivalent of billions of barrels of oil in biomass" was sitting unused in New Brunswick's forests. "It seems to me a very logical import replacement." Others in the group pointed to alternative energy sources, such as "in Fredericton where they're doing a solid waste methane collection to generate power," wondering why "we have landfill sites here that are putting methane in the atmosphere and there's no benefit back to us." The only excuse they could give was that the provincial power corporation had a stranglehold on the energy politics in the province.

Each of these examples points to the import replacement potential in energy production—a potential that has been realized with great success in other jurisdictions. Twenty years ago, Güssing, Austria, whose import replacing energy initiative was mentioned earlier in this report, was a dying rural community of 4,000. Its old industries of logging and farming had been demolished by global competition. Many of today's economic developers would have given up and encouraged the residents to move elsewhere. But the mayor of Güssing decided that the key to prosperity was to plug energy "leaks." He built a small district heating system, fueled with local wood. The local money saved by importing less energy was then reinvested in expanding the district heating system and in new energy businesses. Since then, 50 new firms have opened, creating 1,000 new jobs. And most remarkably, the town estimates that this economic expansion actually will result in a reduction of its carbon footprint by 90 percent.

Beyond expanding the actual production of energy, benefits can accrue to communities that simply reduce the use of energy that's being imported. This is easy to see with energy. As Shuman's macroeconomic analysis revealed, localizing energy and utilities can create hundreds of new jobs in Atlantic Canada, and increasing the overall energy efficiency of all households and industrial sectors means that every resident and every business has more money to spend on other local goods and services.²¹ Shelburne community group participants hit on this independently. Todd "was

thinking about things that everybody has to buy all the time, like electricity,” and thought it made sense as an import replacement opportunity:

Everybody here is spending \$100 a month at NS power. Except for me and Debra. We got a solar power home, so we're spending that \$100 on something else here. I was wondering about community feed-in tariffs. They did can those, didn't they? Do you guys know about any other opportunities for that? Like why couldn't there be very local power co-ops, like the Green Harbour Power co-op. If you could get 15 households in West Green Harbour to put solar panels on their roofs, and then feed our little micro-grid, then...

Todd in Shelburne

Todd's thinking runs parallel to that behind the Town of Bridgewater's recent energy self-reliance initiative, *Energize Bridgewater*. The town is leading a team of community partners in a project that seeks to educate residents, fund experimental energy programs, and create the infrastructure and buy-in for a “local, efficient, renewable energy economy.”²²

Energy represents, then, a significant opportunity to reduce a community's reliance on imports, connect a local need to a local product, regain some control over economic life, and free up consumers' money for other purchases in other industries. However, it could also represent a significant risk, if the focus is on fossil fuels. In Souris, Business-Government participants discussed the risk involved in offshore drilling. Much like the Shelburne group that figured “oil and lobster don't mix,” the Souris residents were not keen to expose themselves to the risk of an oil spill by exploiting offshore oil. Bruce imagined what might happen if “they decide to drill on old Harry out here, and there's an oil spill. And the currents in the Gulf of St. Lawrence are circular, it would effect all five provinces in the Gulf if that ever happened.” Tamara chimed in: “Keep that oil price down. Let's keep that oil price down so they just [...] leave.” “Forget it,” said another participant.

It was not just oil exploration that worried participants. The group thought their community had the highest cancer rates in the country; it does not, but this perception coloured their openness to polluting or potentially “toxic” industrial activity. As Cynthia reflected:

“I think we're sitting on a potential big detractor to the province because we are perceived as a beautiful, pristine, lovely place to visit; green, red, rolling hills, all that stuff. The dirty underbelly of that is we're a pretty toxic province in terms of what it takes to grow the masses of potatoes that are exactly the right length to fit in a French fry box. So we all know how that's being driven and we know how that economy is being driven. We know how the farmers are being pressured in order to support their farm, to create a cheaper potato. [...] And the dirty underbelly is that [this] is the antithesis to who we are. We're not a beautiful, green farm floating in the middle of the deep blue sea. We're a toxic farm floating in the middle of the big blue sea. And that is eventually going to come back

and whomp us overall, in terms of a great place to live, a great place to visit, a great place to do business. That is big vulnerability and I think it's a slow train, but it's coming."

Cynthia in Souris

Resistance to energy projects is sometimes interpreted as resistance to change—period. But the focus group discussions reveal that beneath the scepticism about offshore oil and other large-scale industrial activities is a genuine concern about the environment, for the sake of everything and everyone that lives in it. This connects well to a final consideration about IR strategies that is sometimes interpreted as change-resistance too.

Right-sized development

One of the things we heard over and over again in the focus groups was the perception that government economic development policy, at all levels but with increasing relevance as one moved from municipal to provincial and federal, is out of touch with local concerns, interests and needs. Rural focus group participants longed for economic development that was the *right size* for their community. They intentionally and explicitly brought up examples of disconnected policies, but they also revealed other disconnects—examples they had not thought of as disconnects—unintentionally.

The first pertained to entrepreneurship, an activity pressed on rural communities from municipal, provincial, and federal governments, and which many believe is the cure for their economic ills. The prevailing wisdom is that rural people need to start their own businesses, create their own jobs and revitalize their communities from 'the ground up'. Most participants internalized these things, but they also exhibited a curious dismissal of certain new businesses in their communities. In Souris, it was a pet supply store. Fred initiated the discussion.

Fred: one of the things I find that's really difficult to get over is if somebody opens a new business, it's generally not supported because, I don't know if people don't want it, they don't think you should be opening it, or running it. But it just, a lot of times [it] doesn't...

[...]

Joe: [...] That's the tough part around here. People don't accept the fact that it's a new business trying to get going.

[...]

Sandy: but why another business of the same that we already have that's been here for 40 years, and to come in *out of spite* and all of a sudden now, I'm going to open a pet store. *We need way more around here than another pet store.*

Heather: hopefully they'll find that out.

The discussion moved on as participants named some of the newer businesses that opened within recent memory, pointing to several immigrant-owned restaurants that seemed to be doing well. Fred returned to his original thought.

Fred: [it's] another, east coast thing. If, somebody thinks somebody is being successful at something, ok, you start a business. And somebody thinks you're successful at something within three years there's 10 at it. So when there was enough money in it for one person, there's certainly not enough money in it for 10. [...] They're pushing this entrepreneur stuff here. And, an entrepreneur is a copy artist. We don't need copy artists.

Female [in background]: we need originals.

Fred: We need educated innovators. We don't need any more copy artists.

At first, the exchange about the pet store reads like the parochial, change-averse, self-limiting "attitudes and understandings" that politicians, pundits, and commissioners describe as barriers to the "economic growth" and increased "productivity, trade, innovation and value-added production" rural communities need to survive.²³ However, the discussion presented above is not about change or new business *as such*. **It is about the *benefits of market competition and the appeal of competitiveness as an economic development ethos*. Both are prized in larger, urban centres, but here, they are disputed.** To participants, it does not make sense for a small community to play host to two pet stores, or two of most any entrepreneurial endeavor, even if two businesses competing is what theoretically makes businesses better, offers consumers more choice, and leads to economic growth. In small rural communities, participants told us, there is not enough local consumer spending to support *this* kind of 'development.' This came up in every community. In Burin, Sarah (58, economic developer) noted:

One business owner starts something, and is doing really well, and then [another] person will say 'oh they're doing good, let's do the same thing.' And then there's 4 or 5 more [...] so they're starving one another to death, and then somebody, probably the original person that started [goes] out of business, because they're the ones that put the big investment into it, to start it. And then the ones that are saying 'ok, well they're doing well, and let's just do this little bit. We won't offer the full service they're offering, just what we think is making the money.' Then what happens is the original person ends up closing their business.

Sarah in Burin

These anecdotes suggest that the compete-to-win strategy that allows the cream to rise in populous urban centres does not seem viable to people in smaller places where the impact of a single business opening or shuttering is proportionally huge. It may be more than mere anecdote; participants are not alone in questioning competitiveness. Economist Paul Krugman calls it "a dangerous obsession".²⁴ And economic geographer Gillian Bristow has critiqued regional economic development discourse specifically for its naïve adoption of competitiveness, without questioning, for example, "the structure, beneficiaries and durability of improved [...] competitiveness." As she argues,

More empirical research needs to be directed towards identifying what options there are for regions that do not have the cultural and institutional conditions conducive to the development of innovative, internationally successful firms. In the absence of this more rounded view of the different modalities of regional competition, policy will continue to be based on the rather naïve assumption that everyone can be a winner.²⁵

Bristow's last point—that it is naïve to think everyone can be a winner, especially in smaller, peripheral markets—is exactly what Fred tried to convey about entrepreneurial "copy artists." The knee-jerk reaction he described, to intentionally avoid a new business that competes directly with an established business, thus makes sense even if it is not beneficial to local communities in practice. Further, although it sounds unpleasant when Sandy characterizes the new business owners as *spiteful* people and Heather hopes they "find out" the error of their ways, these aversions are arguably the kind of *ethical* reactions the policy-makers need to look at differently. They are not merely parochial attitudes.

While parts of them deserve to be corrected, these reactions also contain some grains of truth. They point to the need for different, careful economic planning in small places, and for public education about how markets and entrepreneurial cultures develop and work. They underscore the pitfalls of transplanting an urban development ethos to a rural setting without adjusting the way that ethos is operationalized, framed and communicated.

A similar discussion about competition ensued in Shelburne, about a shortage of apprenticeship opportunities for young tradespeople. Nancy recalled a conversation she had with her longtime plumber.

I said to him one day, I said, 'why don't you take any of the young guys?' He said it was 'because if I take on a young apprentice,' he said, 'I'm going to have to charge you more,' and he said 'you know you might be able, you might be okay with that but I - little Miss Daisy down the road she can't afford that.'

Claudia jumped in to surmise that many young apprentices were

"coming out of the trades at the community college [and] they can't apprentice, because nobody will take them on and some of it is, like you said, the person that takes them on will have to charge more, or the other thing is

that the person [says] 'well, I'm going to have competition; that person in a year or two's time is gonna take the jobs that I'm doing.'"

On the one hand, participants wanted things to improve for young tradespeople. But on the other, they empathized with the older tradespeople and believed that in a small town there would never be enough work to support more skilled tradespeople than they already had. The older plumber's weariness about competition was not viewed as selfish; it was interpreted in Shelburne as a concern for the overall health of the community. Too many apprentices would drive up the trade's prices, so only the winning plumber would benefit. But if competition was unchecked, the customers and the plumbers who could no longer secure enough business would suffer, and with them, the whole local economy. Participants had difficulty balancing their concern for other community members with a desire for a more consumer choice and lower prices.

As parents, it hurt most participants to acknowledge how limited the opportunities were for young workers, and to admit that many would have to move away if there was not enough local demand for their career of choice. But they did not begrudge the "old plumber"; his actions made sense in context. The scenario participants described points again to the need for careful economic planning in small rural communities, whether it takes the form of *targeted* business start-up incentives or targeted incentives around post-secondary enrolments and apprenticeship, and careful consideration of the rural context—especially the *social* and *interpersonal* relations that "embed" economic activity—in any policy discussion.²⁶

Fortunately, import replacement already depends on careful planning, specifically in terms of developing inventories of local businesses and identifying "leaks" that a new unique business could plug. It only encourages the "copy-artists" identified by Fred and his fellow participants in Souris if local demand outstrips local supply and thus leaves room for copying. Thus, an import replacement strategy is simultaneously a strategy for right-sized economic development, so long as it takes into account the risks and considerations examined in this section. However, the task of replacing imports is not without its challenges.

BARRIERS TO IMPORT REPLACEMENT

Late in the Burin Town Hall meeting, when many in attendance seemed inspired to act (and admittedly unsure how to begin) to bring a better economy to the region, a man in his late seventies raised his hand. The moderator had just finished saying that it was up to the people in the room to chart a path toward local prosperity, and the man began telling a story. He worked in a fish processing plant on the peninsula most of his life, through changes of ownership and even the cod moratorium. But a decade ago, the company shuttered the plant, citing changes in global demand for filleted fish. "They made their money, and they were done with it," he said.

When trucks and additional workers rumbled into town to dismantle the idle plant and haul the machinery away piece by piece, the man and many of his former coworkers tried to stop

them by occupying the plant. At least if the plant's infrastructure remained in the community, they thought, someone else could buy it and run it again. Some laid-off processors stood in the road, in an unsuccessful bid to block the trucks carrying the last pieces of their livelihood. But the building was gutted around them. They watched it stripped down to its shell.

The man simply told his story and let it hang. But what it said was that community spirit and grassroots initiative—whatever we wish to call the power of ordinary people to determine local economic affairs—would inevitably confront a tide too powerful to turn: the immense force of global capitalism and its fundamental drive toward efficiency, lower costs, higher profits, and consolidation. His story punctuated a narrative that had been slowly developing over the course of the focus groups across the Atlantic Region: a narrative about “the little guys”—the small business, the small community, the citizens’ organization—and all the odds against them. **The economic game, to people in these communities, is rigged;** or at the very least, the playing field is so seriously uneven that asserting local control over local economic life seems simultaneously necessary for survival and nearly impossible. **However, there is cause for optimism. In each of the barriers to local control, there is a clue about exactly what territory local communities must capture in order to begin to determine their own economic futures—and therefore a clue about how policy and practice, in government, business and civil society, must change.**

An Uneven Playing Field: Economies of Scale

As consumers, focus group participants admitted that despite believing very strongly that “buying local” was ethically the right thing to do, they didn’t always do it. As some of the discussions presented already revealed, many people were emotionally triggered by buying things out of town—frustrated, ashamed, guilty, angry. But they consistently justified their out-of-town purchases by pointing to the pragmatism of their decisions.

Like Thelma, who went to Calais because someone else was going anyway, people described “in for a penny, in for a pound” decisions where if they *had to* go to the nearest city centre for something non-negotiable, like a doctor, they might as well get a big grocery order there too. Josh in Shelburne described this as “a mentality here”: when people go to a nearby retail centre for work or appointments, they think: “hey, why don’t I just stop by [the big box store] and pick up the 5 chicken breast package for \$10? Since I’m going to be there.” Josh said it “kills” him “to even look in the direction of [the big box store]”, but others “want to save as much money as [they] can” and he could appreciate that. Indeed, in every community, we learned of the practice of keeping a “town list”—a list of items people planned to purchase on the next trip to a major retail centre.

Consistently, cost and convenience drew most people to spend money outside their community or shop online, even if it went against the ethical attachments they had to shopping local. Even factoring in the cost of gas, people said, it was cheaper to stock up on groceries a hundred kilometres away, because things are marked up in the small local retailers. Besides which, people pointed out, they couldn't even access specific products locally anyway. In Shelburne and Souris, participants estimated that 60-80% of their

spending on household goods and services 'leaks' from the local economy to neighbouring communities, other provinces, or through online shopping. This underscores how cost and convenience *become* one of the “myriad biases” against locally-owned import-replacing businesses mentioned at the beginning of this report. Thankfully, cost and convenience are not inherently better in large, multinational corporations. There are ways to devise cost-competitive and convenient offerings from locally-owned businesses too, and these are considered later in this report and in the ***Import Replacement: Local Prosperity for Rural Atlantic Canada*** report.

Participants framed the economic leaks created by their outside purchases as morally wrong and detrimental to the survival of their communities—because they were *depriving* local workers of wages and local business owners of profits—and thus they were compelled to explain themselves. They “had to” spend money out of town, either because certain things were actually impossible to acquire locally, at any price, or because they weren't willing to give up extra income and spend extra time just on ethical principle. It was foolish, financially. They plead with the researchers and their fellow participants for understanding:

Fred: *You have to realize* this island only has the population of Moncton, New Brunswick. Ok? [...] So, there is stuff you just can't get here. Period. You know? And so *you have no choice* but to shop online.

Setting aside the point that having “no choice” but to shop online points to an obvious import replacement opportunity, shopping online was akin to the 8th deadly sin in the focus groups. People found it repulsive, but most of them did it anyway and characterized it as necessity. For example, Monica shopped online through a major chain retailer to send a care package to her daughter at university. Pointing to the cost and convenience of this option, especially with free shipping, she said, “Really *I had to do it* that way because it was the cheapest way and the quickest.” Participants in Souris, Miramichi and Shelburne told us they bought everything from motorcycle parts to diapers online, citing free shipping from major retailers, convenience and selection in their rationale for doing so. “It's just so much more convenient to shop that way,” said Heather. “And you can wear your pajamas,” added Nancy, eliciting laughter from the rest of the group.

Participants saw their own behaviours and choices as consumers mirrored in the institutions in their communities. Institutional procurement—for example, the food in nursing homes and school cafeterias—seemed to follow cost and convenience too, but it was further hemmed in by government and corporate regulations. In Souris, the community focus group was perplexed by the way nursing homes and inns procured their seafood from multinational corporations instead of serving their clients and guests the freshest catch from local shores. Fred zeroed in on one major reason: “when you want fish once a week, which is Friday, the only way you are guaranteed a supply of fish is to buy from an institutional supplier. Because every Friday of the year you can call them and they'll bring you your fish. And that's why people go there.” Heather added, “there's rules around storage, and all that stuff. Probably locally people don't want to be bloody well bothered with because it's too much trouble. [...] So the facility has to follow the rules, so they buy from somebody who will bother with it.”

What Fred and Heather point out, and what affects individual consumers when they opt for convenience and cost-savings, is a phenomenon called “economies of scale.” This phrase conveys the theory that the bigger the firm, the higher its production or output, and the lower the administrative and transport cost of producing each item or taking on each institutional contract. More productive firms can theoretically pass these savings on to consumers through slightly more affordable products that are always available—never out of stock—and always the same—the quality rarely fluctuates. This is the advantage that larger, usually non-local firms have in institutional procurement and consumer spending alike. Their size—and the economies of scale that size allows—ostensibly means they can deliver a consistent product, on time, in keeping with regulations that smaller outfits would have more difficulty meeting simply because they have fewer resources.

Accepting this theory means accepting that smaller businesses cannot operate as efficiently because they do not benefit from the same economies of scale. However, economists concede that bigness also introduces *diseconomies* of larger scale, and thus the challenge is to find the right balance point where economies and diseconomies of scale balance out. This is important because the object of import replacement in rural communities is to help identify right-scale models in every sector—and not cede competitiveness to larger players.

Yet a linear understanding of economies of scale leads many economic developers to focus on getting small local businesses to “scale up” and compete with bigger businesses, ignoring the impact of diseconomies of scale and thus ignoring opportunities for right-sized development. An additional problem is that when local businesses get bigger, unless they adopt a profit-sharing structure, the prosperity they generate tends to get concentrated in fewer hands. As Greg explained, for example, “the scallop industry is in the hands of one or two people which is too bad because it would really be good for the whole economy.” Even though Greg reconsidered—“I shouldn’t say it’s too bad. A lot of people are getting it good off of that industry as well”—his point remains: local prosperity means little unless it is distributed among many hands. One businessperson getting very rich off a particular industry is good, sure—but it does not make much of a difference to the sustainability of the community unless that person is endlessly philanthropic.

Don followed Greg to tell us that “the biggest fear people have here” is that foreign fish plant owners will act on their “get their hands on the [lobster] licenses and run the boats,” turning what is now an owner-operator industry into a corporate hierarchy where a processing plant owns all of the capital, reaps all of the profits, and pays lobster fishermen a mere wage to catch the fish. “When that happens,” Don said, “then there is no more wealth here.” Locals thus understand the link between small independent business and community viability.

But even if a local business remains locally-owned, scaling it up conventionally requires orienting it toward export opportunities and foreign markets. So in several important senses, scaling up has often led, in practice, to *delocalizing*, bringing on all of the risks and insecurities of export-led growth—risks that import replacement is meant to ameliorate. Yet it does not have to be this way. Ideally, locally-owned import-replacing businesses will meet

as much local demand as possible *and* export as much as possible, so that business growth, localization, and import replacement work in harmony and keep each other in check.

Thus, **in order for import replacement to work to a community's benefit, small local businesses must be able to offer institutions and individual consumers lower prices, more selection, and greater convenience. But they must do this without sacrificing local ownership and control, severing their connection to the local industry that supplies them with intermediary products, or ignoring the particular local consumer demands currently met with imports.** This may seem like a Catch-22, but it is actually the foundation for creating and nurturing locally-owned, import-replacing businesses. It has been tried and tested in numerous smart, growing successful locally-owned businesses, and it can be addressed by some of the strategies described later in this report and Shuman's report commissioned for the larger project of which this study is a part.

Regulatory Nets

Economies of scale that favour bigger firms were not the only perceived barrier prohibiting local institutional procurement and consumer spending. **Participants felt strongly that "government regulations" were primarily to blame for absurd and opaque supply chains, the lack of economic diversification in their communities, and associated economic leaks.** The following discussion in the Shelburne Business-Government focus group illustrates the point about supply chains, with specific examples.

Danny: I can't go down to the wharf and actually get a fish because it has to be going through one of the plants. Luckily, all of our haddock comes from our Baker fisheries and they have a great quality product so it is the one good thing we have. But I couldn't go down and ask somebody else for a mackerel.

[...] Shelley: I can't buy a lobster and boil it and serve that. I have to buy the already steamed in the bag if I want to sell lobster burgers.

Lill: We just had a shatter pack²⁷ from [local fish plant] one day that looks like a big pizza [box] and we had just finished a lot and we were going to get some [...]. So [my husband] tucked it in beside all the other food recyclables and the inspector came to say where did you get that fish? And we said, [local fish plant], and he said, where's the bill? And we said, they bill us at the end of the month. Where's the package? Luckily the recycling hadn't gone out yet, and he was ok.

Turning to barriers in the way of diversification, participants recalled examples of companies and people that attempted to fish for new species—to "get out of those eight main fish stocks" and into things like sea slugs—and were restricted by the Department of Fisheries and Oceans. The reasons for the restrictions are not clear—these could have been regulations based on valid ecological concerns—but participants figured they were enforced because the DFO "doesn't like" certain species, "aren't concerned about the owner-operator", and only "listen to each other and a few people in the industry who are

influential." In this example, apparently senseless regulations conspire with elite power to prohibit the "little guy" from branching out into new and potentially lucrative new products and markets.

It seemed to participants that small business owners and primary producers had to wrestle with regulations that were all out of proportion with their enterprises. One-size-fits-all rules were enforced without regard for local needs and knowledge. For example, one participant said her husband, a fisherman, had to employ secretaries to "sift through" all the regulatory paperwork of licenses, fees, and taxes. Moreover, "he's got to pay for all of his workers to go take a lobster handling course," she said. This perplexed her because:

"Nobody handles those lobsters any better than a person who works in a fish plant because they know if they don't that lobster's going to be dead when it gets to China, and then we're not going to have a business, right? [...] That is something that when you first go there, anyone that is teaching you what to do, is teaching you to handle that lobster like a baby, better than a baby, you know what I mean? You're not working there if you're slapping them around – you're fired, on the spot."

Shelburne Focus Group

She chalked the lobster handling course up to "just another example of businesses having to go through ridiculous things."

Indeed, participants often found government regulations on new business mystifying, senseless, and even malicious. Clayton said that "if you want to start a small business around here – with all the government especially with the fishery you want to be really strong, because they will do everything to break you." He continued:

I went through pretty well hell just to get my license, and I've fished on the water my entire life. And they weren't going to give me a license because I didn't have consecutive fishing licenses. [Clayton worked out West for several months and lost his consecutive status.] [...] I lost out on three licenses because of the government. Because of that, I had to pay double, what I would have had to pay commercially for one.

In Souris, when discussion turned to potential alternative, import-replacing uses for empty or underutilized buildings—such as schools in after-school hours—it quickly focused on regulatory barriers, especially insurance. The group figured "the government" would not let community organizations or small businesses use the local high school's kitchen after hours. Or if it did, there would be too many hoops for users to jump through.

"There are people who go out to the communities, the local non-profit groups who depend on pot-luck suppers and whoever, whatever to survive on. And there's a guy coming around who probably wouldn't

have a clue how to boil water telling you what you can do and what you can't do. I mean that kind of stuff needs to be investigated and stopped. It's just the ruination of the island, that's what it is."

Sheila in Souris

"Sheila, to your point, you're right. Nobody is taking their lives into their hands, buying food from a bake sale, because we've been doing it forever, and nobody has passed away from it. But now the climate has changed to where everybody is afraid to buy something at a bake sale."

Cynthia in Souris

To be sure, government regulation is important. In fish processing, anecdotal evidence suggests a significant amount of caught lobster never makes it to market because of poor handling.²⁸ If this is true, mechanisms to ensure that personnel are properly trained make sense. (It also means private operators have an incentive to improve efficiency *without* government mandates.) Regulations on who can fish, what species, and where, are generally important for the sustainability of all ocean and coastal life. Certain regulations ensure that food is only prepared and processed in mass quantities in clean, safe facilities by trained personnel. No participant disagreed with these kinds of regulation in theory. But they felt that it had gotten to the point where regulations were one of the primary factors prohibiting people from starting, expanding, and succeeding in businesses of all kinds.

These feelings are rooted in anecdote, but they are important to understand because they *impact peoples' behaviours*. Whether or not it is true, the belief that insurance would be too costly on a new tourism venture—this is an actual example that came up multiple times in our focus groups—curtails a person's entrepreneurial ambitions. This speaks to a sociological principle at the heart of this report's methodology and interpretations: "If men define situations as real, they are real in their consequences."²⁹ There is, then, a dual course of action for any import replacement-focused economic development strategy responding to such beliefs: **regulations that are unreasonable and biased against small locally-owned businesses must be identified and adjusted, while regulations whose benefits for locally-owned outweigh their risks and limitations should be better explained, justified, and made easier to conform with.** This action, importantly, requires accepting the premise that locally-owned businesses should be a priority for economic development in a given community, and the premise that regulations that work for one scale of business may be wholly inappropriate for another. Once these premises are accepted—and the "attract and retain" strategy rightly shelved—the rest begins to fall into place.

Demography and Demand

Participants in each of the focus group sites were acutely aware of their community's demographic challenges. The population in all four is ageing and shrinking, like most rural communities in Atlantic Canada. This fact always came up in initial discussions of the local economy, signaling a common sense that the size and structure of the local population has an impact on its economic development. This basic connection is affirmed by sophisticated economic analyses that show how important population growth has been, historically, not only for the generation of wealth but also for its distribution.³⁰

More specifically, the size of a community will impact the size and diversity of its industries. A business looking to edge into a local supply chain in a small community by specializing in a particular piece of machinery or service will have difficulty making a profit off local procurement alone because there will probably not be enough demand. In the Burin working group, Bennett noted there was buzz about the local need for a hydraulics shop. "But if you're only making one piece of pipe a week, the business case is just not there. It's cheaper to pick up the phone and call St. John's and put it on the Emerald East Bus and bring it out." A similar argument was put forward about professional divers. There was a need, but "it may be project by project," even if an aquaculture plant being built in nearby Marystown would eventually need "a lot." Demand for specialized services and products tended to ebb and flow. Sarah put her finger on one way to make specialized import replacement work: by *not* specializing:

"If you're bringing divers, you're talking about the commercial divers, then you got probably, you branch off into recreational divers, you know what I mean? If you're certified to do, then that person has to be diversified, and in that diving field, that'll probably be the only way you could have that kind of a business or you know to cut costs... because in rural areas here, there's no business specializing in one particular thing. You have to be able to diversify."

Sarah in Burin

It is not clear whether Sarah believed that *businesses* should diversify their offerings or that individual workers should diversify their qualifications, but recalling the earlier discussions about occupational pluralism, it is arguably more reasonable to place this burden on businesses because they collectivize risk and can therefore weather economic fluctuations with more resiliency than an individual worker. We will return to this point in the *Strategies* section below.

While the size of local industry demand was seen as a potential problem, participants did not generally believe that local *consumer* markets were too small to support business development. Although one participant in Miramichi asked, rhetorically, why anyone would "invest" in the community if "it's going to be shrinking", his co-participants mainly saw **untapped local markets**. Ariana recounted a conversation with a young professional father in town.

He said, 'I want a reason to stay here on Friday night or Saturday morning. I want to be able to stay here and get up and go to a local coffee shop and get my coffee, go peruse around the farmer's market, you know do the things' but he said 'but unfortunately we can't seem to stay here. We have to go for the things that we want' [...] and we do have farmer's markets here, but they're nothing compared to Shediac or Moncton. So people find themselves going. So then our money's going, they're staying there the whole day. Or maybe staying the night. The one thing that I think that there is a demographic here in Miramichi that wants this. We need to find them, and then that's what we need to focus on.

Ariana in Miramichi

As in the other communities, this notion of an untapped market went hand-in-hand with the idea that local consumers were not aware of local products and services available to them and/or the benefits of supporting local industries. Zane wanted to push back against the “pride” that people felt about saving money by shopping elsewhere, because they probably did not “really understand the repercussions” of that decision, in terms of local jobs, filled by local workers, staying and starting families. “If you want [...] a gorgeous farmer’s market and everything”, he argued, you cannot “complain if the coffee was an extra 50 cents or the meal was an extra \$2.” In other words, Zane thought people needed to be compelled to abide by the *ethic of local consumption* explored earlier in this report.

Nevertheless, participants were more concerned about the impact of their shrinking populations on local employers’ ability to find and retain good workers than on the size of the domestic market for local goods. Their perception is backed up by long-term statistics showing that although people in all age groups have been increasingly likely to participate in the labour market, the ageing of the largest cohort (the “baby boomers”) means the overall labour force is still shrinking. This is especially acute in rural Atlantic Canada, where the some of the oldest populations in Canada live.³¹

The focus groups’ concerns about demographics often revolved, appropriately, around youth outmigration. In Shelburne, Vince proposed that “there is the basis of a wonderful economy here, and it is working,” but “we have more work, than workers, that is a fact and we have a shrinking population in certain demographics [...] I can go on Water Street and throw a rock and never hit a 25 year old. That is the shrinking demographic. They’re all going to the city.” In Miramichi, participants rattled off numerous examples of businesses that “are looking for people all the time”—especially skilled tradespeople—and cannot find them because young workers go elsewhere to find jobs.

However, some participants believed this surface narrative of decline, youth outmigration and labour shortages covered up some “hidden success stories” of “smaller scale local companies [...] getting international attention.” Moreover, they displayed some ambivalence about youth outmigration. Insofar as employers experienced labour shortages, it was a problem. But on another level, people in rural communities, especially parents, valued how

the world had opened up for their adult children in ways they could not dream of when they were younger. In Petty Harbour, NL, two fishermen showing us around their cooperative business reflected on the fact that the majority of their members were approaching retirement in the next several years. Very few of their children wanted to fish. On the one hand, they despaired for the future of their traditional fishing community. But on the other hand, they fully supported their children's pursuit of higher education, different experiences and, hopefully, more stable, higher-paying jobs.

In Shelburne, one participant recalled a conversation she had with her young daughter in the mid-1980s. "I moved here in '86 when on a weekend the boys doing trawl could make \$5000 filling up the trawl bucket. And my daughter was in grade 8, and she said that [if] you could make \$5000 every weekend, then you really don't need an education. I asked if she liked working trawl buckets? She said 'no' and I said 'better stick with the education.'" Similarly, in the Miramichi Business-Government group, Mark said, "I don't think we should be dwelling on the imperative of finding work for young people locally." He continued:

Because it is not such a bad thing that people go away to work. We have a lot of people now [...] that I know that are out west working and bringing money here. [...] So there are these families where there are breadwinners that are working out west. That's not such a bad thing. It's unfortunate, there are some social upheavals, and some disruptions associated with it, but it does benefit the economy. The thing about going away is - well if all your opportunity is only minimum wage jobs, or appears to be that - people don't have the confidence to start up a business - it's not such a bad thing to go away, get experience, bring new ideas back. The ties will always be here. Unfortunately, it's being portrayed to be a negative thing to have to go away to work. It's always been that way in this part of Canada. Accept the reality.

Ariana in Miramichi

Indeed, it has "always been" a reality of life in rural and Atlantic Canada. Roughly half of the participants in the focus groups had spent part of their working lives in another province or country. In the Burin group, participants compared career moves, listing dozens of jobs and homes in their lifetimes, trajectories that in many cases followed booms and busts in local industry. Across our four sites, participants who left felt a strong pull back to their rural homes. As Lorelai in Souris put it, "Once you're born and bred here, you can't leave. [...] It just keeps beckoning you back."

Numerous participants said they moved away for work, met a spouse, and returned to their home community to raise a family. "Coming home" was the objective in these cases, and employment was a secondary concern. Mark believed that if his town of Miramichi started to focus on what brings people back apart from jobs, and promote "the positives"—from cleaner air to shorter commutes and cheaper rents—they would attract more of their far-flung youth back, along with the ideas and experience they gained from their work outside the community. We heard the same thing on the Burin Peninsula: lower cost of living, safer

communities, and a simpler life could draw young people back, eventually. In IR terms, these reflections on attracting and retaining young people responds to the question of who will *start* the LOIS businesses in these rural communities, with what money. Like many others in the focus groups, Mark believed that there is promise in “marketing the place”: attracting people with lifestyle attributes rather than jobs.

As an import replacement-supporting strategy, place-marketing is discussed further below. For now, the point is that **population ageing and youth outmigration are barriers to economic development, including import replacement-led development, but they are not impenetrable.** While some concern focused on the capacity of the local market to support local businesses, participants felt this could be remedied by improving awareness and marketing. They were more concerned about how youth outmigration and population ageing affect local labour supply. But **the solution that gained support in focus groups was not to prevent local young people from moving away at all, but rather to attract new young people or pull young adults and their families back after they had gained experience elsewhere.** This objective turned the spotlight on local amenities, and a perceived gap between what kind of life the community offered, what today’s young families (and potential local entrepreneurs) want in life, and what amenities businesses need in order to survive.

Local Amenities

Each of the four case study communities is a beautiful place, with river or ocean views, green space and wilderness, and attractive historic houses and buildings. Each boasts low housing costs relative to urban and suburban centres, for grand homes with large lots and plenty of privacy. Participants believed they lived in strong, supportive communities of humble, down-to-earth people who look out for one another, share, and rarely lock their front doors. But they also felt that they lack or are at risk of losing many of the very important amenities that make life good: hospitals, schools, unique independent retailers, banks, grocery stores, recreation facilities and reliable internet. Moreover, focus group discussions tended to branch into two different—but not incompatible—sets of concerns about amenities. On the one hand, residents and community leaders wanted to see more programming and infrastructure geared toward seniors—the existing, ageing population. On the other hand, they wanted more of the kinds of amenities that would attract and retain younger people and their families. In talking about the latter goal, **there was no consensus about whether communities should invest in an “if you build it, they will come” approach or wait for population increases to boost demand for new services and amenities.** At some level, this decision is out of their control: provincial funding for certain services is dictated by population numbers. As Brenda put it, “when you don’t have the numbers you lose a lot of provincial money whether it’s with the schools or the libraries – so it has a huge impact on the quality of life and whether or not people are going to, you know, have families here.” But there is still room for local input and advocacy, and thus a need for some discussions about how to prioritize or harmonize needs for different amenities.

Amenities are important to import replacement in several ways—and a lack of amenities can act as a barrier to import replacement. As mentioned, attracting, retaining, encouraging

and/or supporting local entrepreneurs (home-grown or otherwise) depends on showing them that they and any employees can live full, rich lives in the community. But, conversely, **import replacement opportunities can emerge out of gaps in local services and infrastructure, or through reimagining the delivery of a particular service.**

The example of reimagining health care is easy to understand: if it is hard to get geriatric specialists to live locally and treat common geriatric ailments, perhaps communities could invest in preventative, “healthy ageing” initiatives including recreation programs and community living for seniors.

Finally, **identifying multiple needs or gaps that could be addressed with a single, multi-purpose solution can present unorthodox opportunities for import replacement: in colloquial terms, import replacement is well-suited to “kill two birds with one stone.”** For example, a Saskatchewan retirement home served as an elementary school for a cohort of 6th-graders in 2015. The “I-Gen” program delivered education to kids, provided social and educational programming for elderly residents, and reportedly strengthened the social fabric of the community by creating and nourishing intergenerational relationships.³² It was not a business, per-se, so the objective and measure of success is not private profits, but it does represent efficiency and cost-savings for the community, in the short- and long-term. Successful and impactful import replacement depends on thinking about and being able to see such opportunities and their unconventional value. Thus, it is fitting that this section on *Barriers to Import Replacement* ends with a discussion of a set of **barriers that might simultaneously contain the seeds of opportunity.**

Health Care

Rural Atlantic Canada is not alone in confronting the challenge of providing health care for an ageing population. The federal government, through the Public Health Agency of Canada, has been studying and strategizing how to respond to the unique and additional stress that an ageing population—with more expensive and long-term “comorbidities” and higher expectations of treatment—will place on the national health care system. In fact, the UN has been working on a “global agenda” to deal with population ageing for over three decades.³³ At these high levels of policy, the emphasis has generally been on the goal of creating “a society for all ages.”³⁴ This is not just a moral imperative, but also a recognition that it is beneficial for all of us if we have healthy, well-supported and socially integrated older people. Often, this vision begins with a focus on health care, but policymakers and medical experts consistently emphasize that health care is not an isolated sector, but an integral piece of our social fabric, connected to social inequality, economic development, and social inclusion. At the level of rural communities, the availability of good, reliable and adequately-funded health facilities has an enormous impact on quality of life, livelihoods, and community sustainability.

In Shelburne, Bernadette shared an anecdote underscoring the significance of local health care for any import replacement-focused economic development plan.

Last year, I received a telephone call from some business people in [another province], and they wanted me to book accommodation for them to be in Shelburne for two weeks so I did. [...] There was a very large piece of land that they were looking at that was for sale. These folks owned a [business] in BC, and they had done a lot of homework – and I mean a lot – and they just felt that this area could be perfect for growing the type of [crop] that they had in mind. And they would employ between 50 and 60 people to get it started, and then grow it from there. [...] But Shelburne wasn't the only place that they were looking at in Nova Scotia. And at the end of the two weeks they fell in love with the people here, and the area, but it was our hospital: because there was not a full hospital, and [...] they looked at the number of hours that the ER was closed, and if you're going to have operation with—you're employing people around the clock, you got to make sure you have a hospital in case you have an incident. They moved on to buy land outside of Shelburne County so they're gone.

Bernadette in Shelburne

One of Bernadette's fellow participants remembered, in the 1990s, hearing and attending consultations about plans to reduce the local hospital's hours and breadth of services. Residents internalized the need for budget cuts, and accepted that a shrinking population inevitably meant a smaller investment in local health care delivery. Year by year, people in Shelburne found themselves driving out of town for more specialist appointments and tests, not realizing until too late that they were experiencing death by a thousand paper cuts. The emergency room, like its counterparts in communities across the province, has shifted from a 24-hour operation to one that closes, sometimes for a week.³⁵ More recently, this participant was visiting a specialist in a neighbouring town who told her that "in a rare case" he would treat someone at Shelburne's Roseway hospital. "Well, now you have a rare case," she replied. In retrospect, she likened it to lining up at the human bank teller instead of using the ATM in an attempt to save what was left of the in-person, local service delivery: you use it, or you lose it.

Unfortunately, one person's efforts to "use it" are unlikely to stem the tide of service loss; it is very difficult to intervene in the "vicious cycle" of population decline and public health care cuts. In every community, just as Bernadette did, participants understood the knock-on economic and social effects of losing local health care services. In Souris, where we were told there is an "excellent hospital," there is a dearth of specialists. Participants felt like their proximity to Charlottetown allowed the provincial and federal government to steadily redirect funding away from Souris toward the bigger town, putting the onus on Souris residents to commute to specialist appointments. As previously discussed, specialist appointments in a bigger centre usually served as an excuse to stock up on cheaper, more interesting groceries and household goods.

Accordingly, participants blamed the consolidation of health care services for additional leakages of consumer spending. Thelma admitted that because she has to see a specialist in Charlottetown, and "pay somebody to drive" there, "you better bet, if a can is 50 cents more

in Souris than it is in Charlottetown, I'm buying my ten cans of tomatoes" while I am there. Margaret (60, entrepreneur, Souris) said "I see Charlottetown as being one of our biggest threats in a way. Especially our healthcare system." Numerous fellow participants laughed, sighed, and thanked her for having "brought it up." She explained that after receiving a treatment in Charlottetown, she wanted to "come to Souris to continue my aftercare with physio." The specialists in Charlottetown strongly urged her to "travel there 3 days a week" instead because they doubted the quality of service in Souris. She relented for a while, and "you know, excuse me for popping in to one of the stores [in Charlottetown] to get something, [and] by the time I get home I'm wiped out, I don't have time to go to the store in Souris." Eventually, she persisted and was allowed to return to Souris to continue her aftercare, and claimed she was receiving "excellent treatment" despite the dire warnings of the practitioners in Charlottetown. She thought their insinuation of inferior medical services in Souris was both inaccurate and damaging. "Who would want to move to Souris if you can't get adequate healthcare, you know?"

Some participants turned the problem on its head—as import replacement tends to do—and thought about taking the unmet local demand for health care services and turning it into an opportunity. Nancy began by recounting what happened when the federal government divested themselves of Shelburne's naval base, paying the community 5 million dollars to take it over. "We didn't care about the 5 million dollars," she recalled:

We cared about all the professional jobs and the children that were in our schools and they were now gone. And then a few years later, they decide to close the boys' school (1994). And I was told the reason they wanted to close the boys school was because we didn't have enough of the services to help the clientele that was in there. I'm originally a Cape Bretoner, and I walked in 1967 when they threatened to close the Sydney steel plant, and I'm telling ya, I wanted it to be like Cape Breton and all of the people get out on the streets... but we let them roll it back and walk out of here with 45 professional jobs with an average salary of about \$60 000."

Nancy in Shelburne

But, she continued, "that's our past and we can't focus on that." Instead, she proposed that the community "look at the health care system": "if we ever got a geriatric specialist here in Shelburne county we'd have everyone coming here instead of us you know, having to take our people to geriatric specialists in Halifax." Nancy's perspective is an example of **how to target a key unmet need, even if it seems isolated, on the faith that it will have multiplier effects—just as the loss of seemingly isolated services multiplies into other lost amenities and people.**

Schools

Rural communities across Canada, from coast to coast, are fighting to hang on to their elementary, junior high and high schools. In an overall climate of austerity, shrinking and ageing rural populations have combined with stagnant or reduced government (per-pupil)

funding to create a dire situation for small schools. In Ontario, for comparison, as few as 121 to as many as 600 schools—most in rural areas—are expected to close in the next three years.³⁶ In our four focus group communities, the story was known by heart. In Miramichi, thanks in part to the decline and eventual collapse of the pulp and paper industry, we were told the number of secondary school students dropped from 18,000 to 6,000 over the last 25 years. In the past 3 years, Shelburne county lost 650 secondary school students. Like health care facilities, school closures and consolidations have far-reaching social and economic implications.

Shelburne’s 650 students “equates to 30 teachers, “ explained Claudia. Having sat on the school board, she knew that “every year we’re sitting there at the budget and last year we cut 24 teachers, at an average salary of about, we average it out about \$50,000.” She was acutely aware of the knock-on effects.

I say it when I’m at that budget table, about putting on my old municipal hat, because I see professional, paid jobs gone. So the, whether it’s the chicken or the egg, what’s going to happen and someone says you know somebody didn’t want to come here because of hospitals. We’re not going to get people moving here, if we’re not offering the good programing. And anyone who watched the news today saw that Cape Breton shut 17 schools - they’re closing 17 schools, their population has dropped 46%, our population, and I mean 650 in the last 3 years, and we’re looking at another 200 for next year, which would equate to 10 more teachers that aren’t going to be employed next year.

Claudia in Shelburne

Across the focus groups, participants feared the closure of more local schools. To them, it was obvious that a community without a school for kids of all ages would have great difficulty attracting entrepreneurs, professionals and workers to settle with their families.

But they also criticized the standardization and restriction of school uses, with some mentioning, with dismay, the failed Hub School opportunity (discussed in the *Strategies* section below). Schools were a community asset, not just for attracting new people but for building resilience and self-determination among the existing population. In other communities, they have proven to be an asset for entrepreneurship training—for *all* age groups. On the Burin Peninsula, two former schoolteachers described how their local public schools receded in community life, a transformation they linked to the influence of decision-makers in the urban centres. Fiona told us that while “generally speaking, some things like recreational type activities happen” after-hours in the schools, it was “not like it was years ago. I mean years ago the school was the place to go, everything happened [there].” The ensuing conversation focused on one seemingly mundane fact: the doors had to be locked now.

Ed: the problem with our schools now is that we got one schoolboard now in Newfoundland, so the rules that apply in our rural school, right... the ones that

applies in St. John's to the largest school in the province, the same rule applies to our rural school, right. The doors have to be locked.

Frank figured the change was because “everybody plans for the exceptions. The one time that something happens.” The result, said Ed, was that “communities don't feel welcome because if you can go in to people's houses and walk in, and you go to the school and you've got to ring a doorbell, somebody's got to identify you on a camera, right, and that kind of stuff. So sometimes rural, because we got one system for the whole province, you've got to [...] look at where you're to!” He went on to describe substitute teaching, post-retirement, in a school with locked doors, where if a student was late or someone else showed up and knocked at the door after class was in session, he would have to leave his classroom full of students to identify the arrival and open the door. He wondered if this was really the safer option. Moreover, he and the other Burin participants believed **the simple act of locking the door transformed the schools from a community asset to something that no longer belonged to them—a lost opportunity for local self-determination.** The schools could be used “for more things than what they're being used for and for more students than what we're using them for,” said Fiona.

Recreation

Some of the functions that schools once served in the after-hours were recreational, as Fiona pointed out. Intramural leagues, classes and clubs, and health and fitness programs once used the school gymnasium in the evenings, bringing people of all ages through the doors of the building. While each community could list a surprising number of recreational opportunities—many of them hosted in churches and run by volunteers—it is no surprise, given the restriction of school building functions, that many feel a gap in the recreational programming available to them. Like the schools, participants saw recreational facilities as a way to attract and retain population—including potential local entrepreneurs—but they also believed they had immeasurable benefits for people who already lived in the area.

In the Souris community group, Heather noted a lack of a recreational pool where seniors could go to exercise. In Shelburne, Joanie wished for the same thing: a pool, among other “facilities” and “transportation” options to encourage “healthy lifestyles.” In the same group, participants lamented the dearth of recreation options for kids, like hockey leagues with enough resources and participants to keep going. In Miramichi, Nick brought up some chatter he had been hearing about a “potential [...] recreational” or “wellness centre.” He dismissed the “people in Chatham saying it better go in Chatham, and people in Newcastle saying it better go in Newcastle.” To Nick, the city needed a recreation centre and it should simply “go somewhere where it's great for everybody.” In other words, Nick thought that “some of the older generations continue to hang on to” a “rivalry” between some of the smaller towns that amalgamated into Miramichi in 1995, but “nobody thinks that way anymore.” His generation “grew up as one city” and find the rivalry issues “baffling and frustrating.”

In sum, there is a desire for recreational amenities, premised on several notions: that better recreation earlier in life could save money on health care later, that seniors should be active

and socially integrated, and that young families would be attracted by recreational facilities for their children. However, **there is disagreement about whether it makes sense to have one major recreational facility serving several connected towns or smaller, simpler facilities serving the specific needs of smaller populations. These two options would lead an import replacement plan in different directions, as will be discussed in the *Strategies* section below.**

The Myth of Entrepreneurial Spirit

There is one final barrier to IR that is worth discussing, but not because it is actually significant. Instead, it should be brought into the light and then dismissed on the basis of a lack of evidence for its existence. It is the mythical lack of an entrepreneurial “spirit” in Atlantic Canadian communities. Focus group participants had internalized the idea that their populations were too “risk-averse” and too dependent on “corporations” and “good money” made in Alberta and sent home. People who were used to working for somebody else, the story went, are “not driven to go out and start small businesses.” If they had any desire to make money for themselves, they would generally opt to do it “under the table” to avoid the cost of insurance and the restrictions of the regulatory nets discussed earlier. However, the rest of the picture participants fleshed out—of confusing and one-size-fits-all regulations that inhibit new businesses, economies of scale that are impossible to compete with, demographic changes that make it very hard to find workers and generate enough consumer demand—suggests that entrepreneurial spirit is a very small piece of what enables a person to “take the plunge into the business world,” as Ed in the Burin group put it.

Moreover, the statistical portrait of rural Canada points to what might better be characterized as an entrepreneurial, resourceful, industrious population that lacks the appropriate outlets for business generation and success. As reported earlier, rural Canadians are *more* likely than their urban counterparts to get at least some of their income from self-employment. It is just that their self-employment is not generally the superstar tech startup that grabs headlines and makes a handful of people obscenely rich. It is the small-batch, slow-production, ad hoc, custom, seasonal, low-growth-potential variety that helps a person make ends meet. A key question for an import replacement-focused economic development strategy is **how to channel that kind of entrepreneurial spirit into businesses that reduce individual risk, create shared prosperity, insulate small economies from outside shocks, and thereby increase community resiliency.**

OPPORTUNITIES

Channeling entrepreneurial spirit into the right places, from an import replacement standpoint, requires accurate knowledge—ideally built from top-down statistics *and* ground-up, local perceptions and understandings—of the most promising opportunities for import replacement. Beginning to assemble this kind of knowledge was one major objective of this study’s two-pronged approach, and there is indeed considerable and insightful agreement between our focus group findings and those of Shuman’s macroeconomic leakage analysis. The latter identified five “top” IR opportunities in terms of job creation, which are all affirmed by the focus group data. The top five IR opportunities are as follows:

Local Manufacturing (except food)

According to Shuman’s analysis, the single largest opportunity is to expand manufacturing—*but local manufacturing*. He emphasizes that “the priority should be sectors where smaller scale production can be competitive, and smaller firms that can be launched by local entrepreneurs. These are the kinds of companies that can start with local markets and naturally grow into national and global markets. One attractive feature of this sector is that wages tend to be high.”³⁷

Focus group participants were quick to pick up on the potential for their communities’ local “makers”—crafters, rug hookers, jewelers, woodworkers, potters, knitters, and other skilled artisans—to tap into the surging demand for handmade goods signaled by the rise of vendors like ETSY and the growing popularity of crafters’ markets. “We have so many talented craftspeople,” said Noelle in Miramichi. She and others believed a whole craft *district* with niche stores filled with unique, local, handmade goods “would fit here.” The *Strategies* section below will delve into the innovative ways that small craft producers can serve local markets and reach distant ones at the same time. Importantly, the focus on “makers,” supported by the IMPLAN and focus group data alike, stands in marked contrast to the “smokestack chasing” approach that dominated the last few decades of rural economic development.

Local Wholesale and Retail

The second biggest opportunity is wholesale and retail. To varying degrees, the focus group communities lacked some very basic retailers: grocery stores, pharmacies, clothing and housewares stores, hardware and lumber stores. All could remember a day when there were “country stores” or “general stores” where a person could get most basic things. But they believed that this type of business was put under by the growth and power of big-box retailers in neighbouring communities and, more recently, online shopping with free shipping. Some were resigned to the loss. “We don’t have the benefits of the city,” said one participant in the Shelburne group. “The population of Lockeport is 583. We don’t have a grocery store, we have a general store [and] a gas station, so we’re you know, we’re really a small town so we just have to keep on going and we do as much as we can, everybody.”

Apart from groceries, one major unmet retail demand in all communities was a place to buy clothing and/or other textiles. The vast majority of participants said they had to travel to a major urban centre (usually further than the regional centre—to Halifax, St. Johns or even Toronto and Bangor, ME) or shop online for clothing. Some cited fit, others cited style, and most cited price and selection as their priorities when shopping for clothing for themselves and family members. There is, thus, a potential opportunity for a regional clothing store, but it would have to find ways to appeal to one lucrative niche demand or connect diverse consumers with exactly what they need without having to travel or shop online.

Local Professional Services

According to Shuman, “professional services constitute one of the easiest sectors to localize.”³⁸ Interestingly, apart from medical specialists, professionals were also one of the least likely “imports” to come up in the focus groups. Participants did not tend to think of accountants, lawyers and other professionals as services they had to import from elsewhere. However, Shuman’s data suggest that Atlantic Canadians are spending a lot of money on imports of professional services and thus costing the region thousands of potential jobs. His report for this project, available at <http://centreforlocalprosperity.ca/studies/>, discusses some practical strategies for replacing imports in professional services.

Local Food

Shuman’s data and research expertise suggest that Atlantic Canada is in a good place to “accelerate” its local food movement. “Food,” he writes, “is a relatively easy sector to localize because consumers viscerally appreciate local food in a way that’s hard to do with other sectors like banking.”³⁹

This was plainly evident in the focus groups, where participants desperately wanted access to food grown closer to home—and believed it absurd that so much of their local produce, seafood, dairy and meat was shipped out before any landed in local hands. They also noted some specific opportunities for value-added in food manufacturing. In the Shelburne group, Claudia pointed out that:

“there was a gentleman smoking salmon and other fish in Lockeport. To me, he had a wonderful business. He had a fabulous product. He was exporting, had people employed and the whole 9 yards. All of a sudden, the business died. I think it had something to do with his own health, but I don’t know that for sure. He had a wonderful business, and I’ve often wondered why somebody doesn’t pick that back up?”

Claudia in Shelburne

Claudia’s observation speaks to the potential value of one of the IR strategies that will be discussed below: building *inventories* of locally-owned import-replacing business opportunities with the objective of publicizing them and connecting them with potential new operators. When business succession is left up to individuals—who, as business owners, may find themselves shuttering successful businesses because of illness or other significant life changes, or who, as potential entrepreneurs, may not know where to start—the result is inefficient, ineffective transfers and sales and businesses whose lives are cut short by individual circumstance. Collectivizing the process—through networks of business owners and enhanced community capital options—would help collectivize the risk and the reward. The Western Regional Enterprise Network in Nova Scotia is beginning to track businesses on the verge of succession in order to connect them to new owners. This is the kind of activity that regional development bodies should be encouraged and supported in doing.

There is still the problem of ensuring that locally-owned food businesses can compete with the economies of scale that larger businesses enjoy. As discussed in more detail in the *Uneven playing field* section above, participants knew they could save money—even factoring in the cost of gas, according to them—by driving to a big box store once a month instead of patronizing any smaller local food retailers that had managed to survive. In Souris, Joe explained, “you can go to Charlottetown, the main stores in there and spend \$300 in groceries and come home and you buy it here it’ll cost you \$350-375.” Fred concurred that most items are “marked up between 50 cents and one dollar a piece.” This—plus a desire for “exotic”, “ethnic” or “health” foods—is why most in Souris said they “had to” travel to Charlottetown or Montague for groceries *despite* having two small grocers in their town.

It is worth questioning the math in these examples, and the conclusion that the big box trip is more convenient than shopping local. While participants maintained they factored in gas money, they did not account for the time spent traveling. They did not comment on the quality of the products or services received at the big box stores. They did not mention any experiences returning unsuitable merchandise or needing an item quickly and being unable to drive out of town for it.

Nevertheless, what the participants wanted closer to home, in the case of groceries, was not a full-service warehouse with every product under the sun; according to the surveys they were given after the focus groups, they wanted something more quaint: a place to stop and buy fresh milk (Burin); “stalls with fresh vegetables” on the side of the road (Souris); a place to buy local, fresh vegetables every day, not just on market day (Miramichi). The common desire to be able to access *locally-grown*, fresh produce, dairy and meat suggests that although small communities might not be able to compete with big-box retail centres on certain kinds of provisions, they might do well to focus on meeting demand for local food (even if “local” is expanded to mean the province or Atlantic Region). In other words, local food retailers may not benefit from trying to sell the same brands and products as the big-box retailers to begin with. They should instead focus on selling unique, healthy and exotic products (e.g. locally-grown exotic mushrooms, locally-made granola bars—both of which are produced in Atlantic Canada), as their residents appear to want to *combine* some big-box savings with support for local farmers and producers.

Furthermore, they can offer higher quality products and services, better (more personal and attentive) customer service, home delivery, and a better shopping *experience*. Locally-owned stores can become, as Nova Scotia’s Masstown Market and Pete’s Frootique have both shown in spades, *destinations* that draw customers away from major retail chains.

Local Finance, Insurance, and Real Estate

Participants across the focus group sites, like people in small communities across Atlantic Canada, have watched key institutions disappear from their streets. Among the empty buildings found on the main roads of any given rural community, one is likely to find stately stone edifices that once contained the local bank. Participants mourned the loss of the face-to-face services as clients, and they also noticed the elimination of the *good* jobs associated

with local finance. Knitting these losses together, Burin participants described the intimate connection between automation, local amenities, and the sustainability of local life.

Frank: Even the local banks have closed, gone in Marystown. Even the one here's closing the first of June.

Sarah: Fortune used to have a bank, that's closed. It's just a machine there now. And you can't do any banking, you can only just get money out. You can't... like one time you could go in and pay your bills or whatever, but you can't do that anymore.

Frank: *they taught us not to do that*, so people lost their jobs. When we stopped going into the banks, people started losing their jobs

Moderator: and they were good jobs.

Frank: they *were* good jobs.

Ed: that's what I said to the—over at [fast food chain] there two week ago, they have the machine there, now you can go in and put your card in there. And I bypassed that, and they said, 'sir you could have ordered your stuff there.' And I said 'but if I keep going that and everyone else does it, you're not going to have a job pretty soon. You're just going to have cooks in the back, flipping burgers, putting them out. Order number 122.' And they didn't see that.

As Shuman's report makes clear, these gaps in local business, including local banking institutions, represent opportunities for import replacement. They connect as well to opportunities for the establishment of local securities funds and investments that are designed to connect local investors with ventures *in their communities*. Fortunately, local finance, insurance and real estate businesses are poised to push back against the worst effects of automation, and to turn peoples' dissatisfaction with an increasingly de-personalized consumer experience into an opportunity: to provide personalized service and better experiences, to connect business with local community goals and well-being, and to involve local residents as more than just consumers or workers—as shareholders and investors and communities of entrepreneurs.

Other opportunities

Apart from these top five opportunities, there are many specific products and services that demonstrate growing and in some cases urgent unmet demand in the four case study communities. The example of homecare for seniors in Miramichi is particularly striking. Megan told us that she had 180 employees and 250 clients, and "when those boomers require care [...] I am not going to have enough staff to even look after them." Her service cost a fraction of the cost of keeping seniors in hospitals for routine care. She needed the provincial and federal governments to fund homecare placements the same way they fund hospital stays, and she needed to offer better wages and benefits to attract more workers to

the area and industry. However, these appear as minor impediments to what is evidently an import replacement opportunity on the verge of exploding.

HOW TO GET THERE

The recipe for import replacement, in theory, is very simple. A place needs:

- Viable locally-owned import replacing businesses,
- People to finance, start and run them,
- Workers to create value in them, and
- Consumers to support them.

Like in any setting—rural or metropolitan—and with respect to any business venture, the ingredients are at times interdependent and at times conflicting. They also tend to hinge on similar external factors that are difficult to change. For example, as previously discussed, having the right local amenities (schools, hospitals) affect, a local business’s ability to attract and retain workers, the geography of consumers’ shopping habits, and a community’s ability to attract entrepreneurs (but, importantly, not necessarily its ability to *train* locals to become entrepreneurs.)

Thus, sourcing all of these ingredients—in adequate and sustainable amounts—requires some strategic thinking and doing. While more precise strategies are presented and discussed in the ***Import Replacement: Local Prosperity for Rural Atlantic Canada*** report and in Shuman’s ***Prosperity through Self-Reliance: The Economic Value of Import Replacement in Atlantic Canada and How to Achieve It***, both available at <http://centreforlocalprosperity.ca/studies/>, the focus group findings, on their own, point to the great potential of a more limited set of strategies, discussed next.

Three I’s: Identifying Leaks; Inventorying Opportunities; Inviting Entrepreneurs

A good first step, which this study began to take with the Burin Peninsula participants, is for a community to identify its most significant economic leaks, create an *inventory* of those leaks and any existing assets that might be useful in plugging them, and make those opportunities and assets public so that aspiring entrepreneurs can seize them. The Burin exercise revealed that getting even 8 local residents into a room to begin inventorying opportunities is a great step toward increased local self-reliance.

There are many different ways in which a community could identify their most significant dollar “leaks” caused by unnecessary imports, and decide which leaks can best be plugged with viable locally-owned enterprises. All of them by nature require coordination and leadership. Thankfully, Atlantic Canada has no shortage of potential leaders: regional business development bodies abound, from the Regional Enterprise Networks to the Atlantic Canada Opportunities Agency to municipal Chambers of Commerce. There are even enough people with energy and expertise in these and similar organizations to form a new committee on import replacement—starting today.

Whoever leads the initiative in a given community or region, the group can **begin by conducting some on-the-ground research. In addition to the type of high-level analysis contained in Shuman’s macroeconomic leakage analysis, a local group can take the more granular approach of surveying consumers, businesses and policy-makers about the products and services they currently import in large quantities and would like to source locally instead.** Wherever possible, efforts should be made to quantify local demand and the potential value of sales. Statistical consultants should be brought on to conduct a macro-level analysis of trade in the community, if such data are available.

The end result of all this research should be an inventory—ideally a **database**, available to the public online—of specific Import Replacement opportunities. At the same time, they should develop a similar **inventory of community assets**. Groups would do well to consult the rich literature on “Asset Based Community Development” (ABCD), an approach championed in Nova Scotia, for example, by the Coady Institute at St. Francis Xavier University.⁴⁰

A full list of types of assets, and a questionnaire to guide inventory development, is available in Appendix 3. If a church has a commercial kitchen that could support start-up food businesses, if a historic building is available for rent at a low cost to a startup, if a manufacturing plant is running at 70% capacity and could make something else to meet a local need, if a group of local seniors has expertise in rug-hooking or a high school class is learning how to program websites and could share their expertise with (or even begin!) new LOIS businesses—these are the “assets” that a community needs to build awareness about and begin to use more effectively.

With these inventories in-hand, the leadership group should endeavor to publicize IR opportunities or connect potential local entrepreneurs directly to the information, and point to underutilized assets that might be of assistance. As mentioned, there may be opportunities that could be seized by expanding or redirecting extant businesses—so “new” local entrepreneurs are desirable, but not always essential. There may also be potentially productive overlaps between isolated businesses or unmet needs, and groups of entrepreneurs that could be invited to work together in a shared space. In any case, once the inventories are developed and local entrepreneurs invited to plug the leaks, the community in question—be it a town, a city or a region comprised of multiple communities—must have a plan in place for supporting the new or expanded businesses and, in the longer-term, nurturing and training the next generation of local entrepreneurs focused on import replacement.

Working Together: Cooperatives and Worker-Self-Directed Enterprises

Shuman’s report details several examples of how local businesses can work together to nurture a thriving local entrepreneurial culture, including local purchasing networks and innovation ‘hubs.’ All of these are in line with import replacement. Likewise, a step further—and in some respects, a step back, historically—would be for communities to encourage and nurture cooperative (i.e., worker-owned) businesses. Cooperatives make sense as an import

replacement strategy because the business model “lets people collectively ‘do it for themselves’ — whether it’s responding to a market opportunity or meeting an identified need that neither the market nor the public sector fulfils.”⁴¹ Communities could source and/or facilitate workshops to potential entrepreneurs who want to learn about cooperative structures. In fact, this educational piece could be part of the “inventorying, identifying and inviting” step described above.

What makes a co-operative different from a conventional business?

1. **Members or shareholders:** Co-ops are structured to meet the common needs and expectations of their members, whereas most investor-owned businesses exist to maximize profit for shareholders. Depending on the structure of the co-operative, they often take broader stakeholder concerns into account, including those of employees, customers, producers, the local community and in some cases, the environment.
2. **Ownership and control structure:** Co-ops are owned and controlled by the users (members) of the co-ops; decision making is based on one-member, one-vote, not one-vote-per-share.
3. **Allocation of profit:** Co-operatives share profits among their members on the basis of how much they use the organization, not on how many shares they hold.

Source: Canada Business Network, 2014⁴²

The enormous potential of the cooperative model has not been plucked out of thin air; rather it was illustrated to us during the course of this research by the Petty Harbour Fisherman’s Cooperative in Petty Harbour, NL. The research team visited the community at the end of the Burin Peninsula fieldwork, having heard from Burin residents about the dramatic changes in the fisheries over the last several decades, and the challenges their region faced in regaining some control over its economy and natural resources. Their experiences affirmed the academic writings of sociologist Richard Apostle and his co-authors, who in 1998 remarked that the modern fisheries faced inescapable “pressures to shed the past”, “to compete in the marketplace, to compete for a share of the catch on the fishing grounds, and to offer reasonable working conditions and incomes to fishers and fish-plant workers.” They had little choice but to submit to the “seductions of expensive new technology and the demands of regulations based on scientific information.”⁴³ But all of these pressures seemed to lead only to the consolidation of fishing fleets, licenses, technologies and quotas into fewer and fewer hands, because “the little guy” could never keep up or afford to modernize.

Federal retraining programs after the 1992 cod moratorium—which had benefitted some Burin participants who switched into entirely new careers—had also led to more adept management and business savvy among some fishermen. But everyone still had trouble competing “in the marketplace” and “for a share of the catch” because the global market was

and is dominated by major multinational players that do *everything* from harvesting to processing, packaging and shipping. The situation for fishermen in Burin and surrounds, while improved from the initial aftermath of the moratorium, still did not seem very hopeful.

Then the Petty Harbour Fisherman's Cooperative pointed us to one important piece of wisdom: competing "in the marketplace" need not mean that fishermen compete *with one another*. Instead, in the PFHC, the risk and rewards of fishing are collectivized among members, each sharing benefits and sacrifices along with the others, and collectively, they compete (and even cooperate) with the larger multinational firms.

The cooperative structure has another benefit, too. Before the expansion of licensing schemes and the mechanization of many aspects of catching and processing, fishermen could get in and out of fishing as required, making money from their catch when it was possible and making money elsewhere when it wasn't. This "robust and flexible" system of "occupational pluralism" protected them against "the fluctuations of resources and markets." In today's context, with "modern technology" and "large investment and specialization," both of which depend on "predictability and control", the older, simpler system based on individual flexibility, multiple jobs and multiple sources of income, does not seem to work as well.

However, the PFHC shows that the same protective functions of occupational pluralism—the "jobbing around" practice that makes much of rural life possible but also very precarious—can also be provided by the diversification of revenue-generating activities *among collectives* of workers—in this case fishermen. The PHFC has, in a certain sense, engaged all of its members in a plurality of initiatives that are meant to supplement the income brought in by fishing and processing: they rent floorspace in their facility to a catch and release mini-aquarium geared at tourists and are finalizing a deal to rent space to a microbrewery. They built an addition onto their two-storey property that serves as a meeting room and event hall. With a breathtaking view of the harbor and a modern kitchen, it has even attracted inquiries from couples looking for wedding venues. They have done what no single person—except a millionaire—could do in the community, by working together in a cooperative structure.

That structure could be realized in all sorts of industries. Richard Wolff, a US-based expert on "Worker Self-Directed Enterprises," sees this model as the best bet for a sustainable, prosperous, egalitarian future everywhere. In fact, within the new or revitalized locally-owned businesses themselves, and depending on capital requirements, adopting a cooperative structure—or at least taking cues from the cooperative model—*may* be one of the best ways to get started.

In the focus groups, many participants suggested that local craftspeople and makers—those who currently sell handmade goods and prepared food from their homes—should start cooperative "hub" stores where they sell their products under a common name, and even offer workshops, classes and camps for locals and tourists to learn some of their techniques. This is roughly the model taken by the Placentia West Matmakers, a cooperative begun in 1979 by a group of twenty rug-hookers in Placentia West, a community on the Burin

Peninsula. A rural development officer, who had an interest in matmaking herself, helped organize the skilled women into a cooperative that they owned and managed and in which they made all decisions by committee. As folklore scholar Paula Flynn writes, the Placentia West Matmakers transformed the purpose of matmaking, from subsistence and trade to “a business”:

“Mats would be sent to shops or to the St John's craft fairs, and eventually, to wholesalers outside the province. By the mid-1980s, Placentia West Mat Makers were selling their wares — hooked mats in several sizes, and tea cosies—in craft fairs in Newfoundland and beyond. Several of the mat makers travelled to England and gave demonstrations of rug hooking; their mats were on display in England and at the National Museum of Man in Ottawa (now known as the Canadian Museum of Civilization, and located across the Ottawa River from Ottawa in Gatineau, Quebec).”⁴⁴

Paula in Burin

Today, although the Matmakers cooperative has dissolved after thirty years of activity, its legacy (and the work of some members) lives on in a museum and historic site called Livyer's Lot. The latter belongs to the international *Economusee* network, which is comprised of similar sites that take a traditional craft and turn it into an “experiential tourism destination.”⁴⁵ Following the *Economusee* model, Livyer's Lot displays the crafts of matmaking, quilting and other textile work through static exhibits and live demonstrations, and offers courses, workshops and more informal “hands-on” activities for visitors. The site also has a tearoom—The Tea Rose—serving traditional Newfoundland meals prepared by hand. Importantly, Livyer's Lot is meant to be self-financing through the sale of admissions, workshops, and the crafts and food produced therein.

The cooperative model is not without its challenges. One Burin participant recalled her experience trying to organize a group of crafters in the area into a cooperative. “We couldn't get people to take on the co-op idea,” she explained. The crafters, whose business experience up to that point had been selling goods under the table, were immediately concerned about the impact of formalizing their production and sales, taking them off the grey market and into the realm of taxation and inspection. Even though most were unlikely to clear the level of income that would require them to pay income taxes in the end, and could have benefitted from being able to declare their many expenses, they were too scared to “sign on.” Thus, with any effort to incentivize or encourage the establishment of cooperatives, a community economic development body has to dispel fears of excessive regulation and taxation, and take into account the economic literacy of the people it hopes to organize and motivate.

Encouraging Local Purchasing

Shuman's report lists numerous specific strategies that retailers, business associations and governments can undertake to encourage consumers to spend their money at locally-owned businesses, from discounts and rewards programs to local currencies and targeted marketing. The focus groups lent credence to all of these approaches.

For example, it was clear that apart from monetary discounts, customers also seek **experiential rewards**—shopping at places that offer an *enjoyable, unique* experience, perhaps for the whole family. In focus groups, we learned that people often enjoyed turning their shopping trip to the next major urban centre into a mini-vacation several times a year. Offering a vacation-like experience—with live music, childrens’ activities, places to sit, eat, drink, or be pampered—could be as enticing as any monetary reward.

When it comes to **marketing**, our focus groups demonstrated that consumer awareness is key to increasing local consumption, and it can be surprisingly low. In some cases, a local business’s chosen method of advertising is not its ideal customer base’s chosen method of engaging with businesses—for example, a business that advertises in the yellow pages will not reach consumers who look for products and services on social media. While individual businesses will likely want to plan and coordinate their own advertising, communities can also collectivize marketing of locally-owned import replacing businesses in, for example, **local business magazines** available online and for pickup in community centres, grocery stores and other public hubs. A community economic development group could also lead the development of other kinds of **advertising campaigns** that seek to highlight *local businesses* and *local shopping* as unique, important sources of community goods and community pride. These campaigns could be especially well-suited to **social media**, which focus group participants said was an extremely important source of community information and organizing. Again, the work of marketing local businesses could be done by a local enterprise established for precisely that purpose.

Focus group participants were particularly supportive of ‘**direct marketing**’ tactics whereby a producer sells its products and services directly to the public through the web, mail-order or a membership group. A popular example of the latter is the “community supported agriculture” or CSA “food box”.

A more recent development is the Community Supported Fishery (CSF). The fisheries in Atlantic Canada tend to be “harvesting-driven, rather than market-driven.” As a recent article in *Navigator* magazine explained, this distinction “means there is a substantial gap between what buyers and consumers want and are willing to pay for and what we provide. [...] Harvesters may have a lot of valuable skills but marketing is not one of them.” The CSF model is an attempt to mitigate this shortcoming. It takes aquaculture’s profitable practice of securing buyers and setting a price before they harvest, and applies it to “captured products”.⁴⁶

Bridging the demonstrated support for the community-supported model with focus group participants’ ambivalent engagement with online shopping and big-box stores (i.e., they see both as convenient but threatening to their communities) a small community or region could conceivably develop **local web marketplaces** or physical **market spaces** (for artisans, prepared food vendors, farmers and fishers) where many diverse local sellers can reach the public directly. Like many of the strategies listed in Shuman’s report, these direct marketing initiatives would be best developed in collaboration with local businesses; they could even be viable businesses themselves.

Localize institutional procurement

Shifting consumer spending toward local products and services is one thing; getting institutions to buy from locally-owned, import-replacing businesses is another. We heard a multitude of reasons why institutions, such as hospitals, schools, and nursing homes, as well as government departments at all levels, tend to purchase their supplies from non-local businesses instead of sourcing them from local producers, providers and vendors. Like individual consumers, institutions value convenience—getting exactly what they want, exactly when they want it. In the case of a nursing home that needs twenty pounds of haddock on Fridays, a large supplier that brings frozen fillets from China will be more reliable and consistent than a local processor whose ability to meet demand depends on how good that week’s catch was. This is why restaurants that boast local meat and produce tend to write their menus daily based on what is available.

With some of the other strategies detailed above—such as encouraging and supporting the growth of cooperative businesses that can compete on convenience (or at least beat the large firms on quality and reliability)—institutional procurement decisions might shift toward locally-owned, import-replacing businesses over time, as such businesses build capacity to compete for institutional contracts. But there are also immediate steps a community and its economic development groups could take:

1. Develop an **inventory or database of local institutional needs** that lists quantities, budgets and current sources. This data can be used to raise awareness about the significance of economic leakage, and also to highlight import replacement opportunities to local businesses and aspiring entrepreneurs.
2. Conduct research on institutional procurement policies to **identify any policy barriers** that appear to disadvantage local suppliers.
3. Begin **working directly with specific institutions** to try to shift procurement toward local suppliers.

Thankfully, there are already some dedicated initiatives that trying to tilt the balance toward local, and which communities could learn more about, join, or consult for help. In most cases, communities will not need to “reinvent the wheel,” but rather clear the way for established organizations to move in and help. For example, the national **Farm to Cafeteria** network is working to localize the food served in public school and university campus dining facilities. They have programs to connect school cafeterias to local farmers and to help schools and campuses grow food onsite, and many New Brunswick schools have joined the network and begun to improve their food distribution. It is no accident that several of the Farm to Cafeteria Network’s initiatives depend on farmers forming cooperative entities to meet a cafeteria’s needs.⁴⁷

While most examples of successful local institutional procurement initiatives appear to revolve around food—see also Ryerson Eats, a Toronto university’s effort to source “a minimum 25% of food from local, sustainable sources for meals on campus”—there is no

reason why similar models could not be designed to increase local procurement from other industries. If an institution needs it, a locally-owned business can probably supply it.⁴⁸

In fact, participants in the Business-Government group in Miramichi thought that one of the most significant impediments to local institutional procurement was a simple lack of awareness about opportunities for locally-owned import-replacing businesses to supply local institutions. One government representative said he never hears sales pitches from local businesses about their products and services. If he did, he said he would probably have more local suppliers. He and others admitted that rules and regulations around procurement might also impede local sourcing—but they maintained that with some education and awareness, locally-owned businesses could edge out the competition. “I think you would find that a dollar could make a world of a difference sometimes, in awarding a contract,” said one civil servant, to explain how easy it might be to tip the balance toward local. Still, everyone agreed that there should be some “integrated policy” that would need to align among all three levels of government.

Moreover, the focus groups saw the potential utility of a **database or “virtual bulletin board”** that would list institutional needs and local products and services and help to connect the two—something that businesses and institutions could peruse and learn from before initiating any formal procurement process. Paul agreed, seeing:

“an opportunity on the business side too for the chambers [and] the downtowns to do the same thing that government should be doing. If you want to work from a local level and say ‘here’s what we need, here’s a list of all the services, [...] what can you guys do to help?’ and then internally, the businesses saying the same things. ‘You know what? We outsource a lot of stuff too that we can’t find locally. Can anybody around here supply this for us?’”

Paul in Miramichi

Paul’s point is that there may be policy changes, but there are also cultural changes that need to take place in order for businesses and institutions to simply begin prioritizing local procurement. Moreover, focus group participants emphasized that there is a need for accessible, up-to-date and accurate data about locally-owned businesses, products and services, and, conversely, local needs that are currently met by imports. The latter, which Paul called a “grocery list,” are import replacement opportunities for new local businesses.

Labour force attraction and retention

Viable locally-owned import-replacing businesses need reliable employees, and a common story in the Atlantic Provinces suggests that small employers are having a hard time attracting workers to fill their vacancies. There is little that new local businesses or rural communities can do, on their own, to improve the distribution of wealth in the country, the cost of living, or the minimum wage. However, there *are* opportunities to align some things in a small community’s favour.

First, communities can learn from what factors have attracted new residents or kept lifelong residents from leaving, and leverage these factors in creative ways. One of the things heard repeatedly in the focus groups is that residents believed their communities were safe places to raise a family. This suggests that there might be some value in an **advertising campaign** idealizing the rural Atlantic Canadian childhood, and also in helping employers craft recruitment strategies and offer benefits to families. As Sarah put it, young adults who leave rural communities “just need a reason to come back,” “to bring their children home and let them grow up the way they grew up,” in a “perfectly safe” place where kids “can go anywhere.”

Second, Atlantic Canadian locally-owned employers can learn from social research on the so-called “millennial” generation that finds that young workers value work-life balance and job security. Combining long-term or permanent contracts with **flex-time and telework** (i.e., work-from-home) options—allowing young workers to make their own hours, within reason, in a job that offers income security—could do more to attract and retain a workforce than pay raises. In the Burin discussion, we learned that Fiona’s daughter turned down a job where the employer offered to pay off her student loan in favour of a job that allowed her to work 10 days on, ten days off—so that she could travel. In contrast to on-call and irregular schedules that demand flexibility of the employee, employers could incorporate flex-time, telework and compressed schedule options that appeal to younger workers *and* have been consistently shown to boost productivity.⁴⁹

Third, Atlantic regional history has proven that **investments in retraining** work. If an industry collapses, it is worth investing in displaced workers to help them adapt to new opportunities. In Burin, several participants whose careers were upended by the cod moratorium benefitted from federal retraining incentives and found new, rewarding careers. This may not be something an individual community or business can do, but it is a clear role for government that should be borne in mind when lobbying for assistance.

Finally, in several recent high-profile stories, the business owner turned to social media as a last resort and ended up with more applications than they could handle.⁵⁰ This—and the fact that social media is free and geographically almost limitless—suggests that rural locally-owned businesses should **advertise jobs on social media** and consider what kinds of low-cost perks they could offer—or lifestyle benefits they could emphasize—in their advertisements.

Succession Planning

The focus group discussions and external statistics warn of a looming crisis in independent business and production in Atlantic Canada. The average age of fishermen in the region is 54.⁵¹ In 2011, 60% of Atlantic Canadian farms were owned by farmers aged 55 or older.⁵² In 2014, most owners of small (59%) and medium-sized (65%) businesses in Canada were aged 50 or older.⁵³ In 2012, a survey by the Canadian Federation of Independent Business found that the vast majority of entrepreneurs who planned to retire in the next five years had no succession plan or only an “informal” one. And most imagined they would sell their

business to someone outside their family.⁵⁴ There needs to be some concerted effort to help independent businesses with succession planning. Like the training, acceleration and incubation initiatives proposed above, groups of businesspeople, acting with the support of government and community economic developers, are well-poised to lead workshops and programs to ensure that good businesses with promising futures do not retire with their owners.

How to improve business infrastructure

In small communities, doing more with less is an ethos for good reason. An import replacement-focused development strategy should **imagine new uses for old assets**, such as vacant buildings and lots. This approach presents some challenges, from community reluctance to repurpose buildings with storied pasts, to regulatory restrictions on building uses. On Burin, as we conducted the “inventory” exercise and listed vacant or underutilized buildings, we heard that people have “attachments” to old buildings and the memories they have of them—if a person was married in a church, they might resist that church’s transformation into a concert hall. But if the idea is pitched right—as a way to *save* the building for the next generation—it could succeed.

One idea that seemed to have enormous potential was the **Hub School** model, introduced in Nova Scotia in 2014. The Minister of Education invited small communities with shrinking student populations—whose local schools were thus at risk of closure—to submit proposals to use the buildings for additional purposes outside the delivery of the public school program in order to keep the schools open. None of the proposals was accepted, and community advocates later criticized the process for being unreasonably restrictive and adopting evaluation criteria that no community could meet. The failure of this program, however, does not preclude the possibility that something in the same spirit could work—a program to help communities make better use of their schools, and to put the schools at the centre of community economic development. Groups across the region mentioned the potential to use schools for adult education (night classes), community access to commercial kitchens, business incubators, intramural sports and farmers’ markets. The same ideas, however, could be realized in under-programmed churches or empty warehouses, factories, banks, and post offices.

It is also possible to think about existing craft producers, primary producers, or small manufacturers as underutilized assets. The *Economusee* model that works so well at the Livyer’s Lot Historic Site could be applied to countless enterprises—**any operation that involves some type of traditional skill can be transformed into a hands-on experience for tourists and locals alike**. Theoretically, fishermen and fish processors could take people out on fishing boats to see how fish are caught and filleted, then come back and eat the catch in the shack or in a restaurant. Independent farmers can offer “farm stays,” as does Taproot Farms in Port Williams, NS. Brewers and wineries can (and many do) open up their facilities to observers. Any crafter or skilled artisan can let customers “in” on the production process through workshops and demonstrations. In these instances, a productive business becomes a destination. Enough of these working in concert can coalesce into a district, and

help transform rural communities into the tourist destinations their residents believe they should be.

The availability of **reliable high-speed internet** came up repeatedly in the focus groups as a major barrier to new businesses and a disincentive to potential newcomers. Broadband access is essential for rural communities and small towns to support most enterprises and workers. It is also essential for existing locally-owned businesses to be able to take advantage of online sales, social media advertising, and many of the other ideas and initiatives proposed in this report and in Shuman's report. While this might not seem like something a small community could do, for itself, it *is*. In Lawrencetown, a village in Nova Scotia's Annapolis Valley, a cooperative actually operates a wireless broadband internet service. Member-owners have easily connected into the system, and are proud that "the profits stay in the community."⁵⁵

The Role of Government

Throughout the focus groups there was a discernible ambivalence about one major question that has not yet been addressed head-on: what should be the role of government in an IR-focused economic development plan—or any economic development, for that matter? This question has been at the forefront and in the background of public discourse in Atlantic Canada for decades, and it has always elicited ambiguous responses. On the one hand, many people say that government should "get out of the way of business." Government is viewed as a meddling regulator that stifles creativity and entrepreneurial spirit or wastes public money on bad business investments. People in the focus groups believed that "the market" was better at determining many things, such as which businesses succeed and which fail, how much certain products and services should cost, and what kinds of training should be essential for which workers.

As was discussed in detail in the *Barriers* section of this report, participants were frustrated by regulations that seemed to emanate from bureaucrats—often urban bureaucrats—with no sense of local contingencies and contexts. Rules dictating how schools can be used and by whom, who can catch and sell fish to whom and for what purposes, what licenses and permits are necessary for making and selling x, y, and z—many of these rules seemed to be out of touch with *realistic* risks, and with the specific needs of local businesses, consumers and communities. Participants understood the need for minimum health and safety standards, but they perceived a senseless 'creep' of regulations into industries, institutions and workplaces that they believed could do a better job, for the most part, regulating themselves in line with local needs and interests.

On the other hand, each of the communities saw government as a reliable source of investment for projects and programs that help *support* community life and economic development but are unlikely to turn a profit on their own—infrastructure and training, for example. They knew that corporations, driven as they were by the profit motive, would be unlikely to invest in the same way. They searched for a body that could defend the community's interests and protect its people and natural resources against greed, and government was the closest thing. They also knew that no one but government could change

or undo the peskiest regulations they believed were getting in the way of locally-owned import replacing business development.

Our analysis suggests that these seemingly reactions to government, while contradictory on the surface, are actually compatible. They point toward a specific role for government in economic development, including efforts to replace imports with locally-produced products and services: residents in all four sites were most appreciative of government intervention that worked to mitigate the *excesses* of capitalism and the profit motive without unduly curtailing individual and community freedoms. **Government was idealized as a protective shield against pure “market” forces, but it also needed to be kept in check by something else.** Just as corporations—the “market”—could get out of control and begin shaping community life with impunity, so could government—“the state.” The people in Shelburne, Miramichi, Souris and Burin wanted to be able to push back on both state and market and make a dent.

The ideal scenario their anecdotes and concerns seem to suggest is what the sociologist Margaret Somers calls “a balance of power among civil society, market, and state - mediated through the site of the public sphere.” Importantly, the *residents* in this case constitute the “civil society” part of the balance, but the state seems to be encroaching on their role. They also struggle to find a viable “public sphere” in which to influence the direction and activities of the markets and states that affect them. Over the years, it seemed to participants that state and market had begun to *intrude* on civil society and hog the public sphere, squeezing out the possibility for real people—the “little guy”—to make a difference. Thus the role of government is, in a certain sense, to “get out of the way”—but it is about **restoring civil society as a separate space, not allowing corporations to run amok.**

On the Burin Peninsula, Ed recalled:

I was only, I think 18, 19 years old when I first got involved with the rural development movement, and in the earliest stages, the rural development movement, it was a protest movement against government, and what killed the rural development movement is when government decided to fund it, 'cause when government decided to fund it, it changed it from a group that was opposed to government policy basically and they infiltrated it, gave it the funding, and then they started and the rural development association, when they lost their funding probably deservedly so, because by that time government had moulded it into a deliverer of make-work projects.

Ed in Burin

Since the 1970s, participants watched governments get increasingly involved in the day-to-day work of developing and supporting businesses, a lot of which began to look like consultations, studies and exercises that went nowhere. Remembering a series of “visioning” exercises for tourism and economic development in Newfoundland, Fiona noted that ironically they could not see, in the 1980s, the advent of online vacation planning. The whole

thing was a waste of money and time, in her opinion. “They were planning beyond their vision. It’s like driving in the fog.”

In the worst cases, it seemed to participants that government even acted “against development,” often unintentionally. As Ed saw it, “there’s a lot of turf protection, say... people with the department of tourism, right, they have a plan, and their job [is] to keep that plan because that’s what their job depends on. So if you gets a [grass] roots movement trying to change that around, they feel threatened and then they’ll withhold funding.” The better option that all of these perceptions suggest would be for government (the state) to leave much of the community-level planning and decision-making to *actual civil society*—grassroots groups, community councils, volunteer organizations, non-profits and community networks—and only step in to offer resources. Government’s role vis-à-vis civic organizations and ordinary residents, ideally, is to respond to needs and concerns by marshalling resources and breaking down or modifying *unreasonable* barriers, guided by healthy, ongoing, public debate.⁵⁶

Shuman’s report, available at <http://centreforlocalprosperity.ca/studies/>, offers several specific actions a government could take, starting today, that would fit the narrower mandate just described: to protect and empower citizens against the excesses of capitalism and profit-seeking, without curtailing individual freedoms or unduly encroaching on civil society and the public sphere. He recommends defunding corporate attraction and reinvesting in new local businesses, specific measures to localize institutional procurement, and a substantial overhaul of securities laws to facilitate local investment.

There are also broader shifts in government objectives, which could play out over a longer term, and which would help sustain small communities and their locally-owned import replacing enterprises. One major issue that will demand a response in the long run, for example, is the automation of industries and the resulting job loss and displacement. There is a growing gap between “non-cognitive, routine” jobs that pay very poorly and offer little security and the “non-routine, cognitive” jobs that are secure and pay handsomely. This is not just a rural issue, but it impacts rural communities disproportionately and its effects will be much different compared to its effects in urban settings. Thus, a coordinated response from government, civil society and businesses is likely the only way forward.

CONCLUSION

The focus group research conducted for this project illustrates both the enormous potential for import replacement and the myriad social and cultural considerations that must be weighed as part of any initiative geared toward reducing imports and meeting more of local demand with local production.

One promising finding is that focus group participants across the four research sites felt *ethically responsible*, as consumers, for the economic health of their communities. They wanted to support local producers and service providers wherever they can. But they also felt hemmed in, as consumers and producers, by seemingly senseless regulatory nets and their own unmet desires for cost-savings and convenience. They understood the folly of

economic development strategies that tied community fates to single, distant export markets, they recognized the need for *good* job creation, and they all articulated, in different ways, the critical need for right-sized economic development for rural places. They were less concerned about environmental sustainability than perhaps is warranted at this time in history, but many were also aware of the environmental benefits of keeping certain activities ‘closer to home.’

They also voiced common perceptions—some of which are at least partly *misconceptions*—about the barriers that obstruct the development of locally-owned businesses and rural entrepreneurial activity. Regardless of whether or not they are entirely accurate, their understandings of competition and economies of scale contain grains of truth, and thus they support the case for economic development strategies that take specific rural contexts into account, and prioritize local economic *control* over the lucrative potential of distant booming markets and corporate attraction. But they also speak to a need for more careful communication and community engagement around any regional, provincial or federal economic strategy. It takes time and dialogue to sort through perceptions and realities among ordinary people, and meaningful opportunities to actually shape new policies to organize local everyday social and economic life.

This study was initially motivated by the point that economies are not just numeric things—not just relations of working, earning, buying and selling—but also social relationships with histories, emotional connotations and cultural meanings. This point is illustrated by the complexity of interpretations and *ethics* that people attach to their ostensibly mundane habits of buying groceries, paying for services, helping their children decide what to study and performing their own work as homemakers, policy makers, businesspeople, service providers, and community leaders. All of these findings tell us that **any policy that fails to take the economy as a social thing will fail to do what it sets out to.**

Fortunately, the practical strategies that could help small rural communities turn their economies toward import replacement are also, by nature, the kind that involve ordinary rural people, including their interpretations and social relationships, from the outset. Whether it is by inventorying community assets, promoting co-operative enterprises, engaging in direct marketing strategies, starting a community-supported broadband service, launching a local consumer discount and reward system, targeting policy change in institutional procurement, or one of the other strategies described in this report or in the larger study of Import Replacement of which it is a part, rural economic development that begins with rural people will automatically be more reflective of rural contexts than that which originates in business schools and is operationalized by urban policy makers. The future for any given rural community will be a future envisioned in and by the people in that community, and import replacement offers one practical way, with care and consideration, to bring such a future into being.

APPENDICES

Appendix 1: Research Instruments

Newspaper Ad for Community Focus Groups

Seeking participants for focus group discussion about local economy (jobs, shopping, products and services). [Date and time]. Open to local residents aged 18 or over. Compensation: \$50. Refreshments provided. Research project by Centre for Local Prosperity and Dalhousie University. Call [xxx-xxx-xxxx] or email [email@xxxx] for more information and to apply.

Consent Form for Community Focus Groups



CONSENT FORM

Project Title: Rethinking Community Development: The Economic Value of Import Replacement in Atlantic Canada

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Funding provided by: The Centre for Local Prosperity and Atlantic Canada Opportunities Agency (ACOA)

Introduction:

The Centre for Local Prosperity (CLP) and Dalhousie researcher Dr. Karen Foster are conducting a series of focus groups in rural Atlantic Canadian communities. The focus groups bring together local residents to discuss rural economies, rural buying habits, dilemmas facing rural consumers, and the economic challenges and opportunities in rural communities.

The focus groups are one component of a larger study that will assess the potential for “import replacement”—the substitution of locally produced products and services for those that are currently imported—in the region. This topic is explained further below and will be discussed in greater detail, with examples, in the focus group.

Taking part in the research is up to you; it is entirely your choice. Even if you do take part, you may leave the group at any time for any reason. The information below tells you about what is involved in the research, what you will be asked to do and about any benefit, risk, inconvenience or discomfort that you might experience. Please ask as many questions as you like. If you have any questions later, please contact the lead researcher.

Purpose and outline of the research study:

This research asks: what are the major gaps in local production that could be filled by local investors and entrepreneurs, and what are the challenges that local investors and entrepreneurs (will) face in filling these gaps? We all know that exports are important to the economic health of local communities, and importing some things is inevitable and desirable. But import replacement might be just as important, especially in smaller communities. The idea behind import replacement is that every time a community imports a good or service that it might have cost-effectively produced for itself, it “leaks” dollars and loses the spinoff benefits, such as jobs and tax revenue. Unnecessary imports – of food, for example – subject communities to risks of price hikes and disruptions far beyond local control. Moreover, not every economy is fortunate enough to have exports that can be produced, manufactured and/or transported easily. This is particularly true for many smaller rural economies in Atlantic Canada. This study sees import replacement as the necessary ‘other side of the coin’ to export development, and asks how it might be improved in the region.

Who can take part in the research study?

You may participate in this focus group if you are a resident of the local community and are at least 18 years old. We are looking for a range of perspectives, backgrounds and experiences. You do not need to have any expertise in import replacement to participate.

How many people are taking part in the study?

There will be four focus group sessions (including this one) held across the Atlantic region, with 6-10 participants in each.

What you will be asked to do:

In this focus group, you will be asked to reflect on your local economy, how you make decisions about which products to buy and where to shop, and how your job(s) and income are affected by imports and exports. We will encourage you to respond to your fellow participants, pose

questions, and share perspectives and experiences. Robert Cervelli and/or Gregory Heming will facilitate the discussion, asking prompting questions and guiding the discussion as necessary.

Possible benefits, risks and discomforts

There are minimal anticipated risks associated with participating in this research. Conceivably, you could find it uncomfortable to discuss contentious economic development issues with other people. The risk of this happening is no more likely than the risks you would encounter in everyday life. Nevertheless, to mitigate the possibility of discomfort, the focus group discussion is completely voluntary and you can decline to answer any question or stop speaking at any time without giving a reason.

Because your participation is confidential, all answers and contributions are voluntary, and your contributions are kept anonymous in the final report, there is little to no professional risk of participating in the focus group. However, differences of opinion on the study topics might impact your professional relationships with others in the group.

In contrast, your participation may have some benefits for you. The discussion is an opportunity to reflect on and make sense of the economic challenges and opportunities facing rural Atlantic Canada, and to contribute to greater knowledge about the same. This knowledge will be used to spur public discussions about economic policy and Atlantic culture(s). When the final results are published, you will be able to see how your perspectives, desires and challenges compare to others in the region.

You will also be compensated \$50 for your participation at the end of the focus group, before you leave.

How your information will be protected:

Information that you provide to us will be kept private. In most cases, only the research team, including Dr. Foster, a research assistant, and the staff of the Centre for Local Prosperity will have access to the data from focus groups. In some cases, other authorized officials at the University such as the Research Ethics Board or the Scholarly Integrity Officer may have access as well. We will describe and share our findings in publicly available reports and academic articles, which we will publicize on social and traditional media. We will be very careful to only talk about group results so that no one will be identified. We will never, in any published material, connect any single response to any one person or title. Thus, individual responses will always be detached from any *specific* identifying information (e.g., “one long-time resident of [community X] said...” or “one elected official asked...”). It is conceivable that someone who knows you participated in the focus group could pick out your responses, but we will make the efforts described above to minimize this risk.

This means that ***you will not be identified in our reports*** by name, address, employer, or title, ***unless you specifically request that we do***. You will be given a pseudonym and your occupation will be changed to something comparable. The people who work with your information have an obligation to keep all research information private. We will use your pseudonym (not your name)

in our written and computerized records so that the information we have about you contains no names. All your identifying information will be kept in a separate file, in a secure place. These electronic records will be kept secure in a password-protected, encrypted file on a Dalhousie University secure server, and destroyed in September 2016. The discussion recorded today will be transcribed, and audio and text files kept secure in a password-protected, encrypted file on a Dalhousie University secure server, and destroyed in September 2017.

We ask that as a participant, you keep any personal information shared by other participants confidential, and refrain from telling others who participated in the focus group with you.

If you decide to stop participating:

You are free to leave the study at any time. However, because the discussion is anonymized, any of the contributions that you have made up to that point cannot be deleted unless you are willing and able to describe, specifically, what information you would like us to remove from the transcribed discussion.

How to obtain results:

We will provide you with a short description, via email, of group results when the study is finished. No individual results will be provided. We will also make a local presentation of the findings in the Spring of 2016, and will notify you of the date, time and location via email.

Questions

We are happy to talk with you about any questions or concerns you may have about your participation in this research study. Please contact Dr. Foster (at 902 494-6751, karen.foster@dal.ca - email is most reliable) at any time with questions, comments, or concerns about the research study (if you are calling long distance, please call collect).

If you have any ethical concerns about your participation in this research, you may also contact the Director, Research Ethics, Dalhousie University at (902) 494-1462, or email: ethics@dal.ca

Agreement to Participate

Project Title: Rethinking Community Development: The Economic Value of Import Replacement in Atlantic Canada

Lead Researcher:

Dr. Karen Foster

Canada Research Chair in Sustainable Rural Futures for Atlantic Canada

Assistant Professor, Sociology

Department of Sociology and Social Anthropology

Dalhousie University

Halifax, NS, Canada

(902) 494-6751

Karen.Foster@dal.ca

In order to participate in the focus group, please read and provide a response to the following statement:

I have read the explanation about this study. I have been given the opportunity to discuss it and my questions have been answered. I agree to take part in this study. I realize that my participation is voluntary and that I am free to leave the study at any time.

Yes, I will participate in this focus group: ___

No, I do not wish to participate in this focus group: ___

Signature: _____

Printed name: _____

Date: _____

Consent form for Business-Government Focus Groups



CONSENT FORM

Project Title: Rethinking Community Development: The Economic Value of Import Replacement in Atlantic Canada

Lead researcher:

Dr. Karen Foster

Canada Research Chair in Sustainable Rural Futures for Atlantic Canada

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Robert Cervelli, Vice President, CLP (902) 222-4391, robert.cervelli@gmail.com

Funding provided by: Centre for Local Prosperity and Atlantic Canada Opportunities Agency (ACOA)

Introduction:

The Centre for Local Prosperity (CLP) and Dalhousie researcher Dr. Karen Foster are conducting a series of focus groups in rural Atlantic Canadian communities. The focus groups bring together local businesspeople, government officials and policy-makers to discuss rural economic development and imports and exports in particular.

The focus groups are one component of a larger study that will assess the potential for “import replacement”—the substitution of locally produced products and services for those that are currently imported, whether for immediate consumption or as intermediary inputs in other products—in the region.

Taking part in the research is up to you; it is entirely your choice. Even if you do take part, you may leave the group at any time for any reason. The information below tells you about what is involved in the research, what you will be asked to do and about any benefit, risk, inconvenience or discomfort that you might experience. Please ask as many questions as you like. If you have any questions later, please contact the lead researcher.

Purpose and outline of the research study:

This research asks: what are the major gaps in local production that could be filled by local investors and entrepreneurs, and what are the challenges that local investors and entrepreneurs (will) face in filling these gaps? Granted, exports are important to the economic health of local communities, and importing some goods is inevitable and indeed desirable. But import replacement might be just as important, especially in smaller communities. The idea behind import replacement is that every time a community imports a good or service that it might have cost-effectively produced for itself, it “leaks” dollars and loses the critically important multipliers associated with them. Unnecessary imports – of food, for example –subject communities to risks of price hikes and disruptions far beyond local control. Moreover, not every economy is fortunate enough to have exports that can be produced, manufactured and/or transported easily. This is particularly true for many smaller rural economies in Atlantic Canada. This study sees import replacement as the necessary ‘other side of the coin’ to export development, and asks how it might be improved in the region.

Who can take part in the research study?

You may participate in this focus group if you are a government representative (e.g., an elected official or a civil servant) and/or a businessperson (e.g., small business owner, entrepreneur, investor, developer). We are looking for a range of perspectives, backgrounds and experiences. You do not need to have any expertise in import replacement specifically.

How many people are taking part in the study?

There will be four focus group sessions (including this one) held across the Atlantic region, with 6-10 participants in each.

What you will be asked to do:

In this focus group, you will be asked to reflect on your local economy, the opportunities for import replacement, the impact of exports, and the barriers and challenges to boosting local production and consumption. We will encourage you to respond to your fellow participants, pose questions, and share perspectives and experiences. Robert Cervelli and/or Gregory Heming will facilitate the discussion, asking prompting questions and guiding the discussion as necessary.

Possible benefits, risks and discomforts

There are minimal anticipated risks associated with participating in this research. Conceivably, you could find it uncomfortable to discuss contentious economic development issues with other people. The risk of this happening is no more likely than the risks you would encounter in everyday life, doing your job. Nevertheless, to mitigate the possibility of discomfort, the focus group discussion is completely voluntary and you can decline to answer any question or stop speaking at any time without giving a reason.

Because your participation is confidential, all answers and contributions are voluntary, and your contributions are kept anonymous in the final report, there is little to no professional risk of

participating in the focus group. However, differences of opinion on the study topics might impact your professional relationships with others in the group.

In contrast, your participation may have some benefits for you. The discussion is an opportunity to reflect on and make sense of the economic challenges and opportunities facing rural Atlantic Canada, and to contribute to greater knowledge about the same. This knowledge will be used to spur public discussions about economic policy and Atlantic culture(s), and to nudge the economic development discourse in the region in a new direction. When the final results are published, you will be able to see how your perspectives, desires and challenges compare to others in the region.

How your information will be protected:

Information that you provide to us will be kept private. In most cases, only the research team, including Dr. Foster, a research assistant, and the staff of the Centre for Local Prosperity will have access to the data from focus groups. In some cases, other authorized officials at the University such as the Research Ethics Board or the Scholarly Integrity Officer may have access as well. We will describe and share our findings in publicly available reports and academic articles, which we will publicize on social and traditional media. We will be very careful to only talk about group results so that no one will be identified. We will never, in any published material, connect any single response to any one person or title. Thus, individual responses will always be detached from any *specific* identifying information (e.g., “one long-time resident of [community X] said...” or “one elected official asked...”). It is conceivable that someone who knows you participated in the focus group could pick out your responses, but we will make the efforts described above to minimize this risk.

This means that *you will not be identified in our reports* by name, address, employer, or title, *unless you specifically request that we do*. You will be given a pseudonym and your occupation will be changed to something comparable. The people who work with your information have an obligation to keep all research information private. We will use your pseudonym (not your name) in our written and computerized records so that the information we have about you contains no names. All your identifying information will be kept in a separate file, in a secure place. These electronic records will be kept secure in a password-protected, encrypted file on a Dalhousie University secure server, and destroyed in September 2016. The discussion recorded today will be transcribed, and audio and text files kept secure in a password-protected, encrypted file on a Dalhousie University secure server, and destroyed in September 2017.

We ask that as a participant, you keep any personal information shared by other participants confidential, and refrain from telling others who participated in the focus group with you.

If you decide to stop participating:

You are free to leave the study at any time. However, because the discussion is anonymized, any of the contributions that you have made up to that point cannot be deleted unless you are willing and able to describe, specifically, what information you would like us to remove from the transcribed discussion.

How to obtain results:

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If you have any ethical concerns about your participation in this research, you may also contact the Director, Research Ethics, Dalhousie University at (902) 494-1462, or email: ethics@dal.ca

Agreement to Participate

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In order to participate in the focus group, please read and provide a response to the following statement:

I have read the explanation about this study. I have been given the opportunity to discuss it and my questions have been answered. I agree to take part in this study. I realize that my participation is voluntary and that I am free to leave the study at any time.

Yes, I will participate in this focus group: ___

No, I do not wish to participate in this focus group: ___

Signature: _____

Printed name: _____

Date: _____

Consumption Survey for Focus Group Participants

This survey was designed to collect data about the places that people in your community go to access their household related goods. You are not asked to identify yourself by name, so you will remain anonymous. Completion of this survey is completely voluntary. You may refuse to answer any or all questions without penalty or prejudice.

Age:

Area of residence (town, village):

How many people usually reside in your household?

Who are the primary employers of members of your household? (company or name and/or industry)

Approximately how far do members of your household travel to get to work?

Do you help any other family members, friends, or community members with their shopping? (If so, who/why?)

What are the different sources you get your food from and approximately how far are they from your house? (Shop, market, farm share, etc)

Where do you get other things you need, like household necessities, and approximately what distance are these sources away from your home in km or travel time?

Building/repair supplies:

Clothing:

Recreational supplies:

Other (fill in as many as you would like such as medical supplies, building supplies, furniture etc):

Describe any goods and services that you have a difficult time accessing in your community—i.e., goods that you often have to travel outside of your community to acquire. For each, please tell us how *often* you need to leave your community to get them.

Are you aware of any businesses, groups, or organizations that are working to create easier access for goods or services to your community?

Focus Group Questions (Moderator's Guide)

Focus Group Questions

Business and Government Focus Group

HOUR ONE

Introductions

(Don't ask all questions—just give participants 1 minute each to introduce themselves using these as “prompts” if anyone is stuck)

- How long have you been in your position?
- How long have you lived in the community?
- Have you ever lived away from this community?
- Family history here?
- What do you like about living here?
- What don't you like about living here?

Discussion Questions (Bold are priorities)

- 1. How would you describe the local economy here?**
[probe for: imports, exports, key industries, cycles, (un)employment]
- 2. You have to deal with matters of economic development in your day-to-day jobs. What would you say are the most pressing concerns in that realm?**
- 3. How would you describe the current set of strategies available to deal with economic development in your community? What works, what doesn't?**
4. *["Thought Experiment" question—use as a segue around hour two] What do you think would happen if, tomorrow, importing and exporting goods outside Canada was suddenly impossible? What about outside the province? Outside the immediate community itself? Could people and businesses in your community continue to survive if they could not depend on imports?*
[probe for: self-reliance, dependence on imports, what would be okay, what would suffer]

HOUR TWO

- 5. Ask by beginning of hour two: Our study is about the potential for import replacement as 'the other side of the coin' to export development in rural Atlantic Canada. [Read short explanation—summary of study as found in ethics application form]. What comes to mind when you hear this?**
6. Do you think it's within your power as a [businessperson or government representative] to do anything to encourage import replacement? Why or why not?

7. Can you think of any examples of products or services that could be cost-effectively produced here instead of imported? You can think of either consumer goods, ready to purchase, or intermediate inputs for other products.
8. Do you think ordinary people would welcome more locally-produced products and services? How could they be encouraged to choose local over imported goods?
9. Do you think businesses would welcome more locally-produced products and services? How could they be encouraged to choose local inputs over imported ones?
10. Anything we've missed?

Community Focus Group

HOOR ONE:

Introductions

(Don't ask all questions—just give participants 1 minute each to introduce themselves using these as “prompts” if anyone is stuck)

- How long have you lived in the community?
 - Family history here?
 - What do you do for a living?
 - Have you ever lived away from this community?
 - What do you like about living here?
 - What don't you like about living here?
1. **How would you describe the local economy here?**
[probe for: imports, exports, key industries, cycles, (un)employment]
 2. *Use as a probe if necessary:* When you listen to the news or hear people talking out in your community, what do you think are the most pressing economic concerns here? What about the 'good news'?
 3. *Use as a probe if necessary:* A lot of the time in the Atlantic Provinces, we hear about businesses in small towns closing down and laying off workers. Or we hear about new businesses being established and promising to hire lots of workers. Has your local community had much of either happening? Can you tell us about that?
[Probe: How did it affect you personally, if at all? Why did it happen?]
 4. **Do you think it's within your power as a local resident to do anything to strengthen the local economy? What could you do?**

[probe for current practices, future plans]

5. When you buy groceries or household items, what are the most important things you consider when choosing what products to buy and where to shop?

[probe for 'buy local' mantra; probe for well-known products from the region]

HOOR TWO:

6. *Segue; should happen by beginning of hour two:* "Thought experiment" question: what do you think would happen if, tomorrow, importing and exporting goods outside Canada was suddenly impossible? What about outside the province? Outside the immediate community itself? Could people and businesses in your community continue to survive if they could not depend on imports?

[probe for: self-reliance, dependence on imports, what would be okay, what would suffer]

7. Our study is about the potential for import replacement as 'the other side of the coin' to export development in rural Atlantic Canada. [Read short explanation—summary of study as found in ethics application form]. What comes to mind when you hear this?

8. Can you think of any examples of products or services that could be cost-effectively produced here instead of imported? You can think of either consumer goods, ready to purchase, or raw materials that might be used to make other products, that are currently imported.

9. Do you think the people you know in this community would welcome more locally-produced products and services if they were available? How could they be encouraged to choose local over imported goods?

10. What do you want this community to be like in 25 years? What about in 100 years?

[probe: growth, stasis, quality of life, economic development, ecology]

11. In your view, what does the government do to try and help your local economy? Could it do more/should it do less? Is it using the right approach or the wrong approach?

[probe for provincial, federal, municipal]

12. Anything we've missed?

Appendix 2: Community Selection Table

Community	Prov	Population (2011)	Closest major centre (CMC)	Distance from CMC	Major industries (apart from service)	Median age (2011)
Shelburne	NS	1,686	Bridgewater or Yarmouth	1 hr 14 min or 1 hr 3 min	Fishing, Logging, Shipbuilding and repair	44.9
Miramichi	NB	17,811	--	--	Mining, fishing, forestry	46
Souris	PEI	1,173	Charlottetown	1 hr 4 min	Fishing, farming and tourism	47
Burin Peninsula	NL	17,791	Marystown	58 min	Fishing	51.1

At the outset of the study, the table included figures for Lord's Cove instead of the entire Burin Peninsula. For practical and theoretical reasons outlined earlier, the Burin Peninsula replaced Lord's Cove.

Originally, the selection of case study communities followed the principles of Bent Flyvbjerg's "information-oriented case selection".⁵⁷ Specifically, we established criteria of interest based on our research question and the Atlantic context (in header row), and sought, as far as possible, cases that would give us "maximum variation" on those criteria (as opposed to choosing cases at random).

At a general level, we decided that we would choose local or rural communities with a shrinking economy, and which has underutilized assets that could be employed for import replacement. We decided to exclude communities that were so financially stressed that they were 'close to the edge' of amalgamation, and select communities that still had some level of resources to effect and implement new development strategies such as import replacement. We also considered the possible cohesiveness of a community and its track record of showing interest in new approaches to their economy.

We determined that we wanted one community in each province, and made a list of 4 additional criteria of interest: population size, distance from closest major centre, major industries, and median age.

Working with an initial list of about 12 communities, we prioritized getting *good* variation in terms of population size, and wanted *some* variation in distance from closest major centre, *some* variation in major industries, and *some* variation in median age. Our choice in one province thus narrowed the range of possibilities in the other provinces—for example, choosing Shelburne in NS meant we would not choose another community in another province in the 1500-1800 population range with a fishing, logging and shipbuilding-focused economy. Thus, there was an iterative process of selecting a community and ensuring that its selection would not back us into any corners (i.e. lacking choices to give us enough variation) in other provinces.

Although we had a good range of population sizes, initially, from the tiny Lord's Cove to the urban (but still small and peripheral) Miramichi, the challenge, in Atlantic Canada, is that most communities are very similar in terms of the last three criteria. Geographically, most places are not further than one hour away from a major centre with most amenities (hospital, large grocery store, box stores, banks), although the size of (and ease of access to) the closest major centre varies across each case.

Looking at major industries, all four provinces are dominated by the service industry, as is the entire country, with fishing and other natural resource-based industries a close second. However, our cases range from near-total reliance on a single non-service industry to a much more diversified industrial base.

Finally, given the demographic homogeneity of Atlantic communities, we have a reasonable spread of median ages, from the youngest (Shelburne) to the oldest (Burin Peninsula). All of our case study communities are older than the median age for Canada (41) *and* the median age for their respective provinces, as one would expect when looking at non-urban populations.

Appendix 3: Types of community assets, and a questionnaire to guide inventory development

Inventorying Assets

Break group into subgroups of 2 or more. Go through the following items, in order, and give each group 5 minutes to come up with a list for each item. Repeat with 5 minutes for each item, then reconvene as a group to create master inventories for each item—see which are commonly identified and which are unique.

- **CAPITAL ASSETS (8 forms of capital)** – *including* financial capital, built capital, natural capital, human capital, and cultural capital. What are the capital assets already in your community? E.g., Skilled graduates from a local institution (human capital)? Gold deposit (natural capital)? Language-speakers (human/cultural capital)? Basket-weaving heritage (cultural capital)?
- **LOCAL BUSINESSES** – List the small businesses, including self-employed and home-based entrepreneurs, that are active in your community.
- **SOCIAL NETWORKS** – List all nonprofits, community groups, and voluntary associations.
- **HISTORIC ASSETS** – List the stories of key people, historic events, buildings, and places.
- **INFRASTRUCTURE** – List the key infrastructure assets in your region including ports, railyards, highways, water and energy systems, communication systems, and high-speed internet.
- **PUBLIC BUILDINGS** – Identify all public buildings (i.e., publicly owned) in your region that might be available for Community Economic Development (CED) purposes.
- **UNDERUTILIZED ASSETS** – Identify underutilized assets that could boost CED. These might include empty buildings, brownfields, abandoned farms, or even people with disabilities who are unemployed.
- **POLICY INVENTORY**: identify and inventory which policies support local businesses and which impede them.
- **POLICY REFORMS**: set priorities on which policies should be reformed to strengthen local businesses (may need to informally survey local businesses).

- UNNECESSARY IMPORTS – What goods and services do people and institutions in the community have to import that might be good candidates for local production?
 - The next step for any group is to see if the other inventories might hold clues about how to meet demand and reduce barriers for these key imports with local production. Who should lead? What does the community already have in place to support local production? Does it need anything else to get started?
 - Are there extant or easily imaginable incentives for import replacement? E.g. municipal and provincial policy, chamber awards, etc.

Appendix 4: Endnotes

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- ¹ Neill, R. (1991). *A History of Canadian Economic Thought*. New York: Routledge.
- ² Wingrove, Josh. (2016). Why Canadians Are Being Offered Cash to Abandon Their Homes. *Bloomberg Online*. Accessed June 27, 2017 at <https://www.bloomberg.com/news/features/2016-09-21/why-canadians-are-being-offered-cash-to-abandon-their-homes>
- ³ Shuman, M. (2017) Prosperity through Self-Reliance: The Economic Value of Import Replacement in Atlantic Canada and How to Achieve It
- ⁴ Jacobs, J. (1983). *The Economy of Regions*. Presented at the third annual E.F. Schumacher Lectures, Mount Holyoke College, South Hadley, MA.
- ⁵ Statistics Canada, 2016 Census. Retrieved March 15, 2017 from <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E> . Notably, the Shelburne focus groups invited participants from all of Shelburne County (population 13,966).
- ⁶ Statistics Canada, 2016 Census. Retrieved March 15, 2017 from <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>
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- ⁹ Apostle, Richard. (1998). *Community, State, and Market on the North Atlantic Rim: Challenges to Modernity in the Fisheries*. Toronto: University of Toronto Press, 99.
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- ¹³ Reimer, Bill. (2006). The Informal Economy in Non-Metropolitan Canada. *Canadian Review Of Sociology & Anthropology*, 43(1), 23-49.
- ¹⁴ Du Plessis, Valerie. (2004). Self-employment activity in rural Canada. *Rural and Small Town Analysis Bulletin* 5(5). Ottawa: Statistics Canada.
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- ¹⁶ Lewchuk, W., Lafleche, M., Dyson, D., Goldring, L., Meisner, A., Procyk, S., ... & Vrankulj, S. (2013). It's more than poverty: Employment precarity and household well-being. *Poverty and Employment Precarity in Southern Ontario, Hamilton*.
- ¹⁷ Shuman, 2017.
- ¹⁸ IRCC Facts and Figures, 2015: Table 3.6. Temporary Foreign Worker Program work permit holders by destination and sign year, 2006 to 2015. Accessed May 26, 2017 at http://open.canada.ca/data/en/dataset/d8dea62f-f496-49d0-8eaf-8d5a1ab36b2a?_ga=2.22496313.302466258.1495821368-2088743614.1495818814
- ¹⁹ Foster, Karen. (2013). *Generation, Discourse and Social Change*. New York: Routledge; Cairns, J. (2017). *The Myth of the Age of Entitlement: Millennials, Austerity, and Hope*. University of Toronto Press.
- ²⁰ Although the research participants were mostly convinced the ultimate goal was to create new, good jobs in their communities, their reflections on the intractability of the mismatch between workers and jobs point to something else. That is, they come near but do not consider an alternative vision for the future of rural economies that detaches what economic historian James Livingston calls "the receipt of income from the production of value". For Livingston and a growing number of scholars and writers, the apparent incapacity of jobs to deliver adequate incomes, and the ongoing displacement of human workers by technologies and more efficient work processes, signal that it is time to imagine a world in which one does not have to work at a job to "earn the right not to die." t is worth saying that, with the right overarching income redistribution policies, even an import

replacement strategy could take advantage of the incredible productivity increases afforded by new technologies by having people work *less*. In rural communities, this might look like a combination of work-sharing, flexible jobs, and a guaranteed minimum income provided by the state and funded by a restructured taxation regime. Advocates of Guaranteed Annual Income (GAI) or a Basic Income Guarantee (BIG) are adamant that our societies will soon confront an inescapable need to distribute income through something other than paid employment. This possible future is compatible with import replacement.

²¹ Shuman, 2017.

²² See www.energizebridgewater.ca for more.

²³ OneNS Coalition (The Nova Scotia Commission on Building our New Economy). (2014). *Now or Never: An Urgent Call to Action for Nova Scotians*. Halifax, Retrieved from http://onens.ca/wp-content/uploads/Now_or_never_short.pdf

²⁴ Krugman, P. (1994). Competitiveness: A Dangerous Obsession. *Foreign Affairs*, 73(2).

²⁵ Bristow, G. (2005). Everyone's a 'winner': problematising the discourse of regional competitiveness. *Journal of Economic Geography*, 5(3), 295-6.

²⁶ Krippner, G., M. Granovetter, F. Block, N. Biggart, T. Beamish, Y. Hsing, G. Hart, G. Arrighi, M. Mendell, J. Hall, M. Burawoy, S. Vogel and S. O'Riain. (2004). Polanyi Symposium: a conversation on embeddedness. *Socioeconomic Review* 2: 109–135.

²⁷ In a shatter pack, layers of frozen fish fillets are separated by sheets of plastic and placed in a box. The fillets may have to be "shattered" to separate them when they are still frozen.

²⁸ See, for example: Ward, R. (2016) Nova Scotia lobster buyers must take handling course for licence. *CBC News Online*. Accessed December 12, 2017 at <http://www.cbc.ca/news/canada/nova-scotia/lobster-handling-course-keith-colwell-1.3485591>

²⁹ Thomas, W.I. and D.S. Thomas. (1928). *The child in America: Behavior problems and programs*. New York: Knopf, 571–572.

³⁰ Piketty, Thomas. (2014). *Capital in the Twenty-First Century*. Boston, MA: Harvard University Press.

³¹ Fields, Andrew, Sharanjit Uppal and Sébastien LaRochelle-Côté. 2017. "The impact of aging on labour market participation rates." *Insights on Canadian Society*. Ottawa: Statistics Canada. Accessed June 20, 2017 at <http://www.statcan.gc.ca/pub/75-006-x/2017001/article/14826-eng.pdf>

³² <http://globalnews.ca/news/1829982/elementary-school-in-long-term-care-home-a-first-in-saskatchewan/>

³³ Government of Canada. (2014). *Chief Public Health Officer's Report on the State of Public Health in Canada, 2014: Public Health in the Future*. Accessed June 19, 2017 at <http://publichealth.gc.ca/CPHOREport>

³⁴ Krawchenko, T. & Foster, K. (2016) "'Generationing' Public Policy: A multicountry review of intergenerational equity policies" in *Public Policy & Governance Review* 7 (2).

³⁵ <http://www.cbc.ca/news/canada/nova-scotia/shelburne-residents-worried-about-roseway-hospital-s-future-1.2985180>

³⁶ <http://www.cbc.ca/news/canada/rural-school-closures-1.4157059>

³⁷ Shuman, 2017. Prosperity through Self-Reliance: The Economic Value of Import Replacement in Atlantic Canada and How to Achieve It

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Kretzmann, J. and J. McKnight. (1993). Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets. Accessed August 17, 2017 at <https://resources.depaul.edu/abcd-institute/publications/Pages/basic-manual.aspx>

⁴¹ Canada Business Network. 2014. "Why Start a Co-operative?" Accessed June 24, 2017 at <https://canadabusiness.ca/blog/why-start-a-co-operative-1/>

⁴² Canada Business Network. 2014. "Why Start a Co-operative?" Accessed June 24, 2017 at <https://canadabusiness.ca/blog/why-start-a-co-operative-1/>

⁴³ Apostle et. al., 1998:7.

⁴⁴ Flynn, P. (2004). Making and metaphor: hooked rug development in Newfoundland, 1973-2003. *Material Culture Review/Revue de la culture matérielle*, 60(1).

⁴⁵ To learn more about the Economusee network in Atlantic Canada, visit www.artisansatwork.ca

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- ⁴⁶ Verge, B. (2017) 'Maximizing Value from Limited Resources', *Navigator* 20:6 (June), 23-24.
- ⁴⁷ Farm to Cafeteria (2012). *Strategic Plan*. Accessed June 27, 2017 at http://www.farmtocafeteriacanada.ca/wp-content/uploads/2012/11/F2CC-Strategic-Plan_121031.pdf
- ⁴⁸ For more on Ryerson Eats, see <http://food.ryerson.ca/>
- ⁴⁹ Gaskell, A. (2016). 'Why a flexible worker is a happy worker.' *Forbes Magazine Online*. Accessed June 26, 2017 at <https://www.forbes.com/sites/adigaskell/2016/01/15/why-a-flexible-worker-is-a-happy-and-productive-worker/#3e820dee14c4>. See also Foster, K. (2013). *Generation, Discourse and Social Change*. Toronto, ON: Routledge.
- ⁵⁰ Nova Scotia blueberry growers with bumper crops in 2017 could not find enough pickers through conventional job boards; social media solved the problem. In Wycogomah, NS, a country store made headlines when it used social media to offer free land to anyone willing to relocate and work at the store.
- ⁵¹ Williams, R. (forthcoming). *Fisheries Seasonal Workforce Study*. Unpublished data / personal correspondence.
- ⁵² Beaulieu, Martin. 2014. Demographic changes in Canadian Agriculture. *Canadian Agriculture at a Glance* (February). Ottawa: Statistics Canada. Accessed June 7, 2017 at <http://www5.statcan.gc.ca/olc-cel/olc.action?ObjId=96-325-X201400111905&ObjType=47&lang=en>
- ⁵³ Innovation, Science and Economic Development Canada. 2016. Key Small Business Statistics (June 2016). Ottawa, ON: ISED Small Business Branch. Accessed June 7, 2017 at <https://www.ic.gc.ca/sbstatistics>
- ⁵⁴ Bruce, Doug and Queenie Wong. 2012. "Passing on the Business to the Next Generation: Survey results on small business succession planning." Ottawa and Toronto, ON: Canadian Federation of Independent Business. Accessed June 7, 2017 at <http://www.cfib-fcei.ca/cfib-documents/rr3277.pdf>
- ⁵⁵ Corfu, Nina. (2017). 'Want high speed internet? Build it yourself, like these villagers.' *CBC News Online*. Accessed June 27, 2017 at <http://www.cbc.ca/news/canada/nova-scotia/annapolis-valley-co-op-wifi-rural-internet-lawrencetown-1.4045850>
- ⁵⁶ This assertion is also supported, for example, in the 2016 *Economic Blueprint for Newfoundland and Labrador*, created from a roundtable of private sector leaders convened by the St. John's Board of Trade.
- ⁵⁷ Flyvbjerg, Bent. 2006. *Making Social Science Matter*. Cambridge, UK: Cambridge University Press.