

UNIVERSITY OF MANITOBA

THE HISTORY OF THE GROWTH AND DECLINE  
OF THE SMALL PRAIRIE AGRICULTURAL SERVICE COMMUNITY  
POPLAR POINT, MANITOBA AS AN EXAMPLE

A THESIS SUBMITTED TO  
THE FACULTY OF ARCHITECTURE  
IN CANDIDACY FOR THE DEGREE OF  
MASTER OF CITY PLANNING  
DEPARTMENT OF CITY PLANNING

BY

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WINNIPEG, MANITOBA

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OTTILIE MURRAY

**A thesis submitted to the Faculty of Graduate Studies of the University of Manitoba in partial fulfillment of the requirements for the degree of**

MASTER OF CITY PLANNING

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## PREFACE

This body of work, exploring the forces and effects of change upon the Prairies and in specific, the small agricultural service communities, was driven by my desire to understand and appreciate the transformation of my home, Poplar Point, Manitoba. The goal was to determine its future role within the national settlement system, if any. Moreover, the goal was to understand the entire process of establishment and change on the Prairies as it pertained to agriculture and the community structure.

Smaller centres have always occupied the lower level in the settlement hierarchy, but today for many, even the security of that position is challenged. For some communities the challenge ended in defeat years ago as abandoned houses and stores represent the ghost of a time gone by. For others the passing of time led to growth and prosperity.

It became quite apparent that were I to understand present circumstances it was essential I understand the past. This thesis explores the forces acting upon the Prairies as a whole and the small agricultural service communities in specific.

The history of Canadian development establishes the *raison d'etre* of

Prairie development, which in turn establishes the *raison d'etre* of agricultural service centre development. The foundation underpinning the Prairies is agriculture. Alterations to that economic base, in conjunction with general societal changes caused through technological advance and liberalization, forced alterations to the entire rural order.

A comprehensive, historical approach was employed in order to identify and define issues in terms of their causes. This led to a review of the Canadian government's response to problems resulting from rural decline and its counterpart, urban concentration. The universality of rural decline in industrialized countries was illustrated through comparative studies. Conceptual theory explained the reasons for the decline and assessed the effects of government responses on small communities. Finally, Poplar Point served as an example of the rise and fall of an unincorporated Prairie community.

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## ABSTRACT

This thesis studies the effects of change upon the Canadian Prairies and the extensive network of agricultural service communities designed to support the agricultural economic base. The approach employed is comprehensive and historical. An in depth historical review provides background information. Changes experienced on the Prairies are represented by a review of the economic rationalization of agriculture and community functions. Responses to the changes are presented through a review of domestic government policies affecting rural development, and for comparison purposes, through a review of foreign government policies affecting rural development. Analysis comprises an explanation of the spatial distribution and size of urban centres. Changes to spatial distribution and size of urban centres leads to a discussion of the implications of government policies upon smaller agricultural centres. The thesis culminates in a case study which illustrates the rise and fall of an unincorporated Prairie agricultural service community and a conclusion of the future prospects for all those of similar kind.

## INTRODUCTION

This thesis is an inquiry into the essence of the Canadian Prairies, and in specific, the economic and community structure. The primary purpose of the thesis is to explore the following:

- . The context in which the Prairies developed and transformed;
- . the influence of political will and intervention upon rural development and the small, agricultural service community;
- . the conceptual theory underlying the settlement process and;
- . alternative wisdom regarding the future prospects of the lowest order of Prairie community and Poplar Point, Manitoba in specific.

Canada has progressed through several stages of development. The Prairies have developed within that national progression. Throughout each stage, changes in economic orientation and advance in technology have triggered adjustment of functional relationships.

The recent pace of change has accelerated at an unprecedented rate and resulted in an obvious state of stress. Bearing the bulk of the stress are those urban centres at either the top or the bottom of the urban hierarchal pyramid. At the top, metropolitan centres strain to

accommodate ceaseless growth, while at the bottom, unincorporated centres struggle to even hold their place at the base of the pyramid. It is the process of contraction and decline experienced by the latter which is the focus of this thesis.

The multitude of unincorporated agricultural service communities were once the foundation of a Prairie system based on many, small, diversified family farms and limited rural mobility. Their purpose was to serve as the essential link between the agricultural hinterland and the larger urban centres. They provided manufactured goods and services in exchange for the agricultural produce of the surrounding area. Their position was highly regarded and stable.

In time however, lateral linkages between centres and their surrounding areas weakened, while national and international vertical integration of economic activities strengthened. Technological change in communications and transportation reduced and nearly eliminated any constraints of distance or location. The resulting interconnectedness of global economies and adherence to a market economy forced an adjustment of the original model of Prairie farms and communities.

The industrial capitalist economy succeeds by reducing labour requirements, increasing production, decreasing prices and increasing demand. The concentration of control in the hands of few has occurred at all levels of the capitalist system, including the food industry. Economic pressures from the top down force the primary producer at the

bottom to combat low prices for their production by following the same industrial model of reducing costs of labour through mechanization and specialization, and of increasing production through expansion or chemical intensification. The market demand for and price of primary commodities are volatile however, and beyond the control of the Prairie farmer.

Farm mechanization and consolidation have altered Prairie demographics and density through the reduction in the number of farm labour opportunities and farm families. The transformation of the rural system into a concentrated collection of agri-businesses and a sparse and extremely mobile population has forced change upon the small, agricultural service community. The economic pressures to centralize have caused businesses and services to locate in larger communities. The rural hamlet therefore, is left behind with a fragmented infrastructure and a dismal future.

#### THESIS INQUIRY

The central thesis of this inquiry is that the settlement structure of the Prairies is in a period of adjustment in reaction to the progress of an industrial market economy and societal change. Prairie development within an Ontario/Quebec based national framework ensured the cultivation of a narrow, agricultural economic base. Transformation of that sector, in combination with general societal changes, have forced many agricultural service communities of the lowest order into

obsolescence.

This thesis explores the essence of Prairie development. It further narrows in scope to concentrate upon the agricultural economic base and the many unincorporated service communities that never outgrew their smallness, but persevered as long as they could. The study is presented from the perspective of the west.

The current state of stress on the Prairies is examined through an in depth historical review from past to present, with emphasis placed upon the development of the agricultural economic base and the adherence to the industrial market economy. The changes incurred across the rural order are related to that lowest order of agricultural service community. The influence of political will and intervention upon Prairie agricultural and rural development is explored through an examination of policies affecting those sectors. The fall in stature experienced by many small centres is explained in accordance to the ideology of the industrial market economy, the Central Place Theory and the cycle of cumulative and circular causation. Central Place Theory postulates that settlement location is a result of competitive centrality, and the latter, that changes in one direction induce supporting changes.

Traditional theory provides little hope for reversal of the downward spiral to extinction faced by many Prairie communities in industrial society. The latter portion of this study however, introduces the



reader to the possibilities presented to this order of community in a post-industrial society.

This later section assumes there to be a gradual changing of industrial society, one which offers hope to places like Poplar Point, who are simply rendered redundant and dispensable in the competitive market economy of current society. The process of transformation from one paradigm to another is referred to as a paradigm shift.<sup>1</sup>

An approach to community development has grown out of this recognition of a change in society. Community Economic Development (CED) focuses on economic as well as, and with equal emphasis, social development. More importantly, it places emphasis upon local involvement and action. This thesis does not attempt to explore the nature of CED, but merely its premise and rationale, in order to provide an alternative to the acceptance of decline and defeat by Poplar Point.

## THESIS ORGANIZATION

This thesis is divided into three parts, each containing related chapters. Part 1 provides the study foundation through an intensive historical review. Chapter 1 specifically explores the national context in which the Prairies developed and identifies their specific purpose and orientation. Chapter 2 details their particular design and

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<sup>1</sup>Alvin Toffler describes a paradigm as "an accepted model or pattern, framework of thought and scheme for understanding and explaining certain aspects of reality, encompassing and encouraging a set of societal beliefs"(1980,3).

development from past to present.

Part 2 exposes the primary force affecting the transformation of the Prairie settlement fabric and the influences of political will. Chapter 3 identifies the motivating ideology and elaborates on changes within specific components of the Prairie structure. The cumulative ramifications are described in relation to that lowest order of community under extreme stress in order to discuss the reasons for the decline of many. Chapter 4 examines the political environment in which the nation evolved, as well as the specific government policies that influenced Prairie agricultural and rural development. Chapter 5 acknowledges the phenomenon of rural decline and urban concentration to be universal in industrial countries. While the major economic and social trends are the same, the method of management and therefore success of adjustment are different. This chapter outlines the experiences and methods of management of other industrialized countries in order to facilitate objective review of Canada's past and current approach.

Part 3, Chapter 6 explains the transformation still underway on the Prairies through analysis according to conceptual theory. The analysis of the original settlement structure and the current process of restructuring is explained according to the theories of such notables as Walter Christaller and John Vance. The former postulates settlement location to be a result of competitive centrality. The latter recognized the Central Place Theory to be appropriate to a closed

society such as Europe and in reaction, developed the theory in relation to the conditions of North America. The process of urban growth and conversely decline, as a result of the competitive centrality and dynamism, is explained according to the works of Allan Pred and Gunnar Myrdal.

Chapter 8 focuses upon a case study in order to exemplify the progression of rationalization and modernization upon an unincorporated agricultural service community on the Prairies. The development chronology of a single community illustrates the effects of economic and societal change as well as government influence upon the viability of that size and type of community. Local initiative and the ideology of CED provides an option to acceptance of the continued decline within the framework of industrial society. A strategy is developed for Poplar Point, Manitoba following the CED approach and is offered as an alternative to passive acceptance of further decline.

PART ONE

BACKGROUND

CHAPTER 1  
CANADIAN SETTLEMENT



In order to appreciate the present circumstances and identify the forces acting upon the Prairies, it is necessary to understand the history of Canadian development and the raison d'etre of Prairie establishment. The distinct stages within which Canada developed are illustrated below.

FIGURE 1 DEVELOPMENT STAGES				
Colonial Rule	Commercial Era	Westward Expansion	National Development	ization
1800	1700	1800	1900	2000
Incipient Industrial 1830-1870 . individual capitalist . steam engine	Industrial 1870-1930 . individual capitalism . electric power . iron and steel/gas engine	Post Industrial 1930- . electronics . service sector growth . integrated market economy		

Development of Canada as a nation began during the period of colonial rule and progressed through periods of commercialism, western expansion and post war development. Urban development in North America began during the period of commercialism in the incipient industrial stage and progressed through the industrial and post industrial stages. Each stage had specific technological events and characteristics as listed in Figure 1.

This chapter presents a description of Canadian settlement from the period of early development during the colonial era through to the post-war era. The chronology of events explores such variables as political power, economic growth, technological capacity and population migration. The chapter concludes with a summary of the Prairie position within the national framework.

### Canada - Settlement Overview

#### Colonial Rule

(1600-1763)

Canadian settlement deviated little from the universal developmental process of establishing centres for purposes of defense, territorial control and economic production. As in other parts of the world, religion played a role in settling new territory.

The function and structure of Canada was determined by the technological

capabilities and the current demands of an advanced European culture. Western European society had reached a level of stability and affluence able to both warrant and fund overseas ventures in search of an alternate North West passage to the spices and silks of the Orient by the 15th century. Initially therefore, the North American continent was perceived as an obstacle until European market conditions changed to favour Canadian commodities such as fish and fur in the latter half of the 16th century.

British and French imperial powers exploited the North American continent as a source of raw materials in similar, yet distinct ways. British aristocracy and financiers supported the mercantile oligarchy and hence, English merchants were extremely powerful, both politically and economically. In France, the state dominated commerce and practised mercantilism directly. The primary objective of both, was key staple extraction for economic gain. Settlement was encouraged only to the extent it would strengthen trade and benefit the home country (Phillips, 1982, p.14).

The cod fisheries initiated colonial settlement along the eastern coast, while intensification of the fur trade required penetration into the country. Eventually settlement evolved to incorporate military forts for purposes of defense as well as administration and economic management. Though the fur trade provided Canada with a unified economy, the wealth it generated concentrated with the merchants of Lower Canada. The St. Lawrence lowlands, with river access and

proximity to inland fur collection points, became the economic centre. The native population was effectively integrated into the fur economy as guides and trappers, albeit at the expense of losing their own traditional economies. The competition for Canadian domination between the French and English colonies officially ended with the British conquest over New France in 1763.

Canada's ruling oligarchy supported British rule and the mercantile system under which they prospered as mediators between the Canadian staples and the British commercial houses. British navigation laws and trade preferences provided an accepted framework within which Canadian political and business interests operated.

Canada supplied the motherland with resource staples and provided investment opportunities for British surplus capital. The export of manufactured Canadian goods and the emigration of skilled British workers were prohibited. The national structure, as directed by British and Canadian mercantile interests, increased colonial dependence and thwarted independent growth.

Canadian merchants focused on the creation of a strong transportation system that would support overseas trade and strengthen the concentrated mercantile interests in central Canada. To this end a canal system was built which diverted overseas shipping from Halifax along the St. Lawrence Seaway and later, railways were built that likewise channelled trade through central Canada (Bettison, 1975, p.215-218).



## Commercial Era

(1764-1867)

The United States achieved independence from Britain in 1783 and proceeded to rise as a competing economic and political power capable of challenging British imperial trade policy. The elimination of imperial trade preference in 1840 resulted in a shift in Canadian trade emphasis from the United Kingdom to the United States as American industrialization provided a continental market for Canadian staples.

The altered trade orientation and subsequent decline of British importance, precipitated the collapse of the mercantile era in Canada and gave rise to the commercial era. The new ruling commercial elite continued to focus on improving the national transportation system, but adapted to the changed conditions by directing efforts towards the American market. Canals, constructed largely at public expense, maintained the St. Lawrence corridor and allowed passage to the Great Lakes and access to the inland states. The extension of American rail lines to the interior prompted central Canada to compete further by constructing a railway system of its own, again largely at public expense (Phillips, 1982, p.88-92).

The reciprocity agreement between Canada and the United States lasted from 1854 to 1865. Its dissolution, coupled with Britain's continued abandonment of colonial preference required that Canada compete with foreign producers and expand its economy. Further, it required that

Canada reassess its position within the North Atlantic Triangle. Canada was bound to both the United States and Britain for the purpose of trade and to Britain alone for the protection should the very real threat of annexation to the United States arise as it so often did or, similarly, should the embitterment of British - American ties place Canada at risk. It was resolved that the solution to the nation's political and economic problems not to be annexation to the United States, but rather a prompt and sizable population increase and the development of independent economic trade structures at all three levels: provincial, national and international. The desire for national independence distinguished the new commercial elite from the mercantile elite of the former era.

#### Westward Expansion

(1867-1900)

Westward expansion and construction of a national system of transportation was intended to expand commercial prosperity through the creation of an integrated national economy based on a new east-west trade system and secondly, to protect western lands from American settler encroachment through Canadian occupation. Previous railway debt however, prohibited independent westward expansion by central Canada and acted as the impetus to the confederation of four provinces since the Maritimes were also shaken by American protectionism and the reduction of Atlantic trade (Phillips, 1982, p.35-36).

Two railways were to be constructed. The first railway, a link between

the east coast and central Canada, was to increase product interchange between the Maritimes and the St. Lawrence region. The railway connection promoted industrialization and growth in the east during the initial period, but the growth was short lived as increasingly, the centripetal force of centralization drained the east to benefit central Canada. The second railway, a link between the west and central Canada, was to allow eastern and central production access to a new captive outlet in the west. The east however, was not to benefit from western expansion, since central Canada possessed undeniable locational advantage.

The National Policy was designed as the instrument with which the various regions would be united into a single political and economic unit. Essentially, it served to replace the British commercial empire with a Canadian commercial empire in central Canada. The division of power as outlined in the British North America Act of 1867, allocated economic development to the federal government and "local issues" to the provinces. The dominating commercial interests in central Canada consequently, were able to continue to operate as mediators in the North Atlantic Triangle and concentrate on staple production to satisfy the industrial demands of the United States and the United Kingdom. Design of extraction, transportation and exportation linked the new railway system with the established river economy of the St. Lawrence and perpetuated the commercial imperialism of the St. Lawrence merchants (Phillips, 1982, p.25-28).

The business-government alliance required western lands in order to build a railway from Ontario to British Columbia. While concentrated commercial interests controlled the east, the Hudson's Bay Company controlled the west. Illustrative of the power vested in certain commercial interests was the manner in which western lands were acquired. In 1863, the president of the Grand Trunk Railway, with London financier backing, purchased the Hudson's Bay Company and proceeded to surrender its charter in 1869 in exchange for \$1.5 million and 1/20th of the land. Over the next 20 years the Hudson's Bay Company diversified into retail sales from its 115 outposts and additionally, earned \$15.6 million through the sale of 1/3 of its land holdings (Bettison, 1975, p.50-54).

The federal government, by retaining control over public lands and resources in the new province of Manitoba and the adjacent North West Territories, was able to charter the Canadian Pacific Railway (CPR) through an agreement which granted a loan of \$26 million (all of which was forgiven), 25 million acres of land, 710 miles of government constructed track worth approximately \$38 million, as well as the inclusion of a monopoly clause prohibiting the introduction of any rail competition that could connect with American lines (Bettison, 1975, p. 54). The corporate strategies of the CPR greatly influenced the regionally scaled settlement process in the Prairies, as indicated in Chapter 2, under Prairie Agricultural Development.

The tariffs of 1879 were erected with two purposes. The first was

revenue generation in order to counter the national debt that was largely the result of railway construction. At this time, as much as 66% of federal government revenue was derived from custom tariffs and 17% from excise taxes. The second was to influence economic development through a system of protection. Central Canadian industrial, commercial and railway interests were to be protected by guaranteeing a western market. (Bettison, 1975, p.57). Increased protectionism was favoured by the influential commercial interests of Central Canada who wished to secure their western investment from American competition. Additionally, the depressed economic conditions of the 1870's contributed to the desire to protect the internal economy.

Despite an aggressive immigration campaign and a federal homesteading program, population of the west was sporadic and dependent upon world events. The Irish potato famine, English industrial revolution and Scottish eviction of Highlanders off the land in favour of sheep combined with the depletion of the American west to provide the first wave of immigration, primarily a dichotomy of Anglo-Saxon and French. The second wave, consisting largely of Eastern Europeans, occurred between 1896-1907 as freight rates fell and wheat prices rose with increased European demand (Morton, 1957, p.274).

National Development  
(1900-Depression)

The nation's greatest period of prosperity corresponded with the

settlement of the Prairies. The exploitation of the western resource reserves were previously considered insignificant due to the technological constraints and the distant location. Technological change, including the development of cheap steel and mechanical engineering, altered the perspective and enabled transportation methods to advance to the point of decreasing the cost of distance and rendering the harvest of the agricultural interior economically viable. Technological improvement had tremendous impact upon distant areas producing bulk commodities (Dykeman, 1986, p.134).

The extension of the agrarian frontier in the west coincided with the expansion of urban financial and industrial concentrations in Ontario and Quebec. Government policy influenced the progress of national development by directing industrialization to central Canada through tariff structure and economic incentives. Economic incentives included the Crow's Nest Pass Agreement of 1897 which encouraged specialization in the Prairies by lowering the freight rate of eastbound grains and westbound manufactured goods. This served to deter regionally based manufacturing in the west. British Columbia did not benefit since rates applied only to westbound manufactured goods. The rate structure of the railway and its impact upon the Prairie development is detailed in Chapter 3 under Rail Rationalization. The National Policy, with its rail rate structure, preferred population composition and tariff barriers, fostered regional disparities and a colonial attitude towards the west.

At the turn of the century, the ruling commercial elite and designers of Confederation continued to focus on the traditional commercial pursuits of finance and transportation. Branch plant expansion by the United States was not perceived as a threat, but rather as economic opportunity. Subsequently, the industrialization of Canada rested with indigenous entrepreneurs and American enterprises seeking advantage behind the tariff wall. The smaller, less powerful Canadian entrepreneurial industries were forced to compete with larger, established American firms. Often their weaker capital and market position caused indigenous industries to either be reduced to financial capitalist commodities by the commercial elite or be absorbed by the large American firms. This was the introduction of the multinational corporation to the Canadian economy (Bettison, 1975, p.128).

Like other industrial capitalist countries such as Britain and the United States, Canada had reached a stage of maturation marked by large scale consolidation, particularly after 1907. World prosperity, the very condition responsible for Canada's economic growth in the 19th century, cultivated imperial competition and by 1914, war. Canada, by direct association with the British Empire and by autonomous decision, entered into the conflict that precipitated the transformation of the empire into the British Commonwealth of Nations. Canada gained status as an independent dominion in 1867, but did not gain full sovereignty until the Statute of Westminster in 1932.

The foundations of industrial capitalism were firmly established during

the World War 1 period and production expanded in all sectors including agriculture and manufacturing. The nation's distant and safe location during the war enabled it to take advantage of the opening of markets that were normally occupied by European countries, and meet the rising demands for war materials and food supplies. The concentrated industrial sector in Ontario adapted to the post war conditions through the consolidation of plants and the transition of production from war supplies to diversified consumer goods.

Diversified expansionism introduced a seemingly perpetual trend towards urbanization. In 1921, the urban population of Canada almost equalled the rural and exceeded it in the two chief industrial provinces of Ontario and Quebec (Bothwell, 1987, p.98). World War 1 had provided the upheaval that pushed Canada from the final stages of pioneer development to the first stages of industrial capitalism. In western Canada, the frontier ethic of individualism and unlimited opportunity for settlement and farming expansion concluded with the depletion of available wheat producing lands.

#### The Depression (1929-1938)

The collapse of the American economic system in 1929 devastated the world, including Canada. Both foreign and domestic markets disappeared and all but stopped Canadian production. Canadian farmers were severely affected as they endured both the loss of markets and severe drought



conditions. The resultant mass unemployment and poverty pushed the Canadian establishment to examine the existing economic, social and political systems and resulted in demands for change.

Canada exercised its sovereignty and negotiated a number of foreign policies during the 1920's and 1930's, concurrent with the increased protectionism associated with the Great Depression. Rather than uniting the nation in a time of need, the depression exacerbated regional and provincial disparities and forced a shift in federal-provincial-municipal power. Municipal governments relinquished power to provincial governments and provincial governments in turn, required federal aid in order to meet their growing social and economic responsibilities (Stelter and Artibise, 1988. p.48).

#### World War 2 and Post World War 2

(1939-mid 1970's)

Depressed economic conditions in the 1930's hastened the imminent trend toward concentration, consolidation, specialization and industrialization, and World War 2 accelerated the move further. Canada matured as a nation in World War 2 and gained international recognition with its considerable contribution to the war effort, both in the production of war materials and food, as well as the supply of human resources.

The demand for Prairie wheat increased with war time demand. The trend

to consolidate began in the previous era and intensified by World War 2. Europe had long relied on North American wheat when it experienced harvest failures or whenever war and politics suspended its own production, but after 1945, European and Asian agriculture was devastated and North America more than quadrupled its export of wheat.

Canada's post World War 2 national economic strategy consisted of two parts: continued exploitation of natural resources in the hinterland and expansion of branch plant secondary manufacturing industry in the heartland. The United States played a key role in both areas: it provided the major market for the resources and the direct investment capital, technology and entrepreneurial initiative necessary for growth in the secondary manufacturing sector (Lorimer, 1982, p.6).

The post World War 2 era was dominated by Keynesian macro-economic theory.<sup>2</sup> The goals were to sustain employment, redistribute incomes and wealth, and repair or prevent market failures, as well as assist in the creation of the welfare state (Axworthy and Trudeau, 1980, p.48).

The Keynesian consensus and the unprecedented postwar economic growth that seemed to support it weakened by 1968. Industrialized countries experienced severe economic shocks as a result of the escalating pace of

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<sup>2</sup>*Keynesian macro-economic theory is theory according to John Maynard Keynes, which gave licence to government intervention and manipulation of the market economy through the design and implementation of counter-cyclical fiscal policy. Essentially, it purports that major world economies cannot revive without government action through increasing the flow of money and public spending (deficit spending) on welfare and other programs (Soth, 1991, p.3).*

technological change. Increasingly, the ability of the world to provide natural resources to fuel indefinite growth and economic expansion was questioned. The first oil crisis in 1973 emphasized the need for affluent industrial countries to reassess the practices of wasteful growth as the cheap energy supplies that Western consumer society relied upon were jeopardized.

Post Mid 1970's

(mid 1970's-1991)

The mid to late 1970's signalled a recognition of the end of the atypical post-war era and the emergence of a more competitive world. This state intensified through the 1980's and on into the 1990's as increasingly, countries around the globe are interconnected economically and financially. The developments in the world economy and the resultant global competition have particularly powerful effects upon the resource industries, which are the staple of the Canadian economy. Within Canada, the federalist centralizing and decentralizing forces have worked to maintain and improve the welfare state by acknowledging the limitations and shortcomings of Keynesian economics and by modifying policy approach accordingly. Despite equalization attempts, Canada is divided into regions of unequal economic wealth (Axworthy and Trudeau, 1990, p.48-49).

The principle of regional equalization as a "basic economic right" is nonetheless, entrenched in the constitution. Regional disparity remains

a problem however, as continuation of the resource-export development strategy and concentration of secondary manufacturing industry intensifies the pattern. The sheer scale of Canada with its uneven distribution of population and economic prosperity presents a complex of issues and concerns absent in other smaller and compact nations.

The central provinces of Ontario and Quebec contain 2/3's of the nation's population and as a direct consequence the majority of commercial and industrial growth as well. Within the Canadian democratic system these two factors require that most government decisions meet with the approval of the Ontario-Quebec heartland. Additionally, most non-governmental economic decisions are made from industrial-commercial complexes which are based in Ontario and Quebec. As a result, the Prairies, the Atlantic provinces and the far West perceive themselves to be exploited by the economic and political power of the central region (Phillips, 1982, p.15-16).

#### Summary of the Prairie's Position within the National Framework

Canada's progression from a colony to an industrial nation has resulted in three aspects of development which are of particular note as they pertain to the Prairie settlement network and the established role of agricultural producer. The areas of note include the nation's ruling principle, economic development and urban structure strategy.

- Since 1783 Canada has nurtured a policy of national development

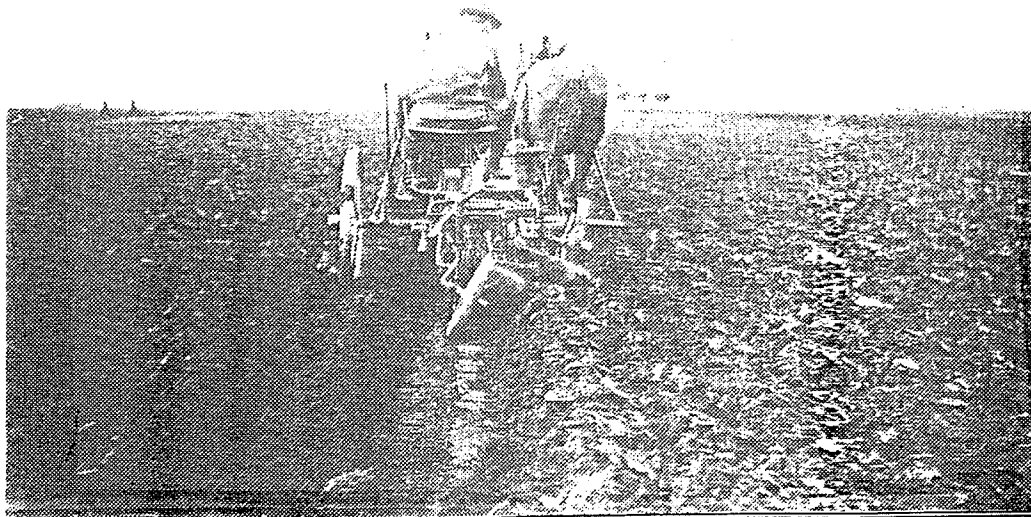
based upon the contradictory principle of unity through division. The measures taken to discourage colonial nationalism were the result of a perception that the strong economic and municipal autonomy of the south had led to the American Revolution and subsequent secession. Imperial authorities in Britain favoured ruling Canada on the principle of divide and rule. This guiding vein of thought has promoted the development of regions as individual units, each distinct in form and function, as opposed to the development of a nation united in purpose.

- The nation's vast scale and diverse resource wealth were characteristics supportive of the development of an economy based on resource exploitation. The development of a narrow economic base in the Prairies was an instrument to be used for central Canada's gain. The Prairies were to provide wheat and a place for central Canadian investment, as well as a captive market for central Canadian manufactured and commercial goods. Whereas Britain acted as the colonizer and Canada the hinterland in the pre-Confederation era, central Canada assumed the role over the western hinterland in the post-Confederation era and exploited it to their benefit in much the same manner.
- The tradition of government-business alliance in Canada has perpetuated the continuation of concentrated economic wealth and political power in central Canada. The result is a country marred by regional disparity. The Prairie provinces have cultivated a

unique mix of aggressive individualism and cooperation in attempts to demand greater control over their resources and greater influence over national decisions.

The Prairies therefore, developed within an already established metropolis - hinterland context as an agricultural resource region distinct from others. The region's prosperity depends upon a narrow range of primary products that are targeted for the export market and whose value is a consequence of global economic integration and therefore, determined in world markets. The next chapter describes the development of the Prairie agriculture economic base and the settlement system that it supports.

CHAPTER 2  
PRAIRIE ESTABLISHMENT AND TRANSFORMATION



Settlement of the Prairies occurred at a rapid pace, driven by the federal government's determination to create an east-west trade system. The economic structure and community network that emerged to support the Prairie agricultural base evolved in reaction to market demands, government policies, technological innovation and economic trends to consolidate and concentrate. Western Canada has developed other resources in the past fifty years, but agriculture remains the major industry and therefore, the primary focus of this chapter.

Figure 2 illustrates the stages in Prairie development and the critical inventions and events particular to each stage. Prairie development occurred at the onset of full industrialization. Due to its frontier status however, the incipient industrialization stage overlaps into the full-scale industrialization stage.

FIGURE 2 PRAIRIE DEVELOPMENT STAGES				
Colonial Rule Exploration	Commercial Era Fur Trade	Westward Expansion Subsistence Farming	National Development Early Development	Rapid Rationalization
1600	1700	1800	1900	2000
Incipient Industrial 1830-1870 <ul style="list-style-type: none"> <li>. individual capitalist</li> <li>. steam engine</li> </ul>		Industrial 1870-1920 <ul style="list-style-type: none"> <li>. individual capitalism</li> <li>. electric power</li> <li>. iron and steel/gas engine</li> </ul>		Post Industrial 1920- <ul style="list-style-type: none"> <li>. electronics</li> <li>. service sector growth</li> <li>. integrated market economy</li> </ul>

Chapter 2 examines the rationale, method and progression of Prairie development in order to understand the current economic instability and rural decline. The chapter is divided into three sections. The first explores the manner in which the transition from the fur trade and subsistence farming to commercial agriculture was facilitated through the division, settlement and population of the land. The second details the alterations to the economic foundation of the Prairies by describing chronologically, the fluctuations in agricultural prosperity, development of a grain handling system and changes in farm practices, as well as general societal changes. The last explains the present situation of the agricultural base and its supporting settlement system.





of agricultural prosperity attracted foreign and Canadian agricultural settlers. The goal was rapid settlement and commercial agricultural exploitation. Both were achieved through uniform methods of land survey, settlement and construction of grain elevator and rail systems.

### Pattern

A federal quadrilateral survey system was applied to all land, with the exception of that previously subdivided into river lots during the Red River settlement regime. Townships 6 by 6 miles or 36 square miles were subdivided into 36 sections of 640 acres or one square mile and each section again divided into 4 quarter sections of 160 acres. The geometric system disregarded environmental geography. Settlers were given one 1/4 section of land with varying agricultural capability. Individual dispersed farmsteads related to nucleated service villages. Railways determined community sites by plotting locations on a map approximately 7 to 10 miles apart. The rationale ensured that no farmer served by the railway and the grain elevators required more than one day's travel by horse to haul grain to the elevator and return to the farm. Steam engines also required watering at frequent intervals. Railways selected a southern route to deter U.S. competition (Dykeman, 1986, p.62).

A second federal homesteading policy was introduced in 1908. This, when coupled with private land holding sales, had the effect of increasing the average farm size from 160 acres to 320 acres. Additionally, the

Hudson Bay Company and railway companies sold large parcels of land to speculative land companies who in turn sold to individual settlers on a wide profit margin. Huckersterism, in both the promotion and sale of land, exacerbated the disregard of overenthusiastic settlers for the productive capabilities of land.

### Composition

The federal immigration policy had minimal controls aside from the proscription of the diseased, criminal or dependent. The system discouraged Chinese and Japanese immigration through the establishment of head taxes, landing fees and number restrictions. European agricultural immigrants were encouraged through a system of monetary bonusing (Bothwell, 1987, p.121). Emphasis was placed upon sturdy agricultural immigrants. Urban labourers were discouraged. The goal was to populate the west for the purposes of agricultural production.

Immigration records estimate 60% of the immigrants to be British or Irish from either the United Kingdom or the United States, 1% French, 3.9% Jewish, 29% eastern European, 6.5% Italian and Mediterranean and 3.8% Asian or African (Bothwell, 1987, p.122). In 1877, Lord Dufferin, the Governor General of Canada, expressed to Manitobans "the consciousness of their place in Canadian life and their particular task of achieving, as peoples of diverse origins, a strong Canadian community based on unity in diversity" (Morton, 1976, p.185).

## Agricultural Development

The physical design and demographic composition of the Prairies resulted in a settlement structure overwhelmingly dependent upon agriculture. Alterations to that economic sector directly impact the entire rural order to this day. Agricultural prosperity, failure and change therefore, are particularly relevant to this thesis.

(1870-1914)

Agricultural prosperity varied according to local production levels and national and international market demands. Initially, crop-raising practices appropriate in high rainfall areas were transferred to the arid Prairies. Immigrants accustomed to the milder climates of Europe and eastern Canada perceived the land and climate of the Prairies as something to be conquered. Native Indians in contrast, found the Prairies to be bountiful. Settler adjustment to dryland farming practices required perseverance and adaptation to the different climate and soil conditions (Canadian Geographic, 1990, p.18).

By the end of the 1870's, Manitoba wheat had reached world markets and a grain handling system was established as detailed in Chapter 3. Farmers generally organized and acted collectively in response to hard times. The first cumulative voicing of concerns centred on the cost of production and shipment of grain during the period of drought and early frosts between 1883 and 1886. Between 1890 and 1895 farmer's grain

elevator companies were formed and by 1901 Grain Growers Grain Associations were formed to handle member's grain and compete with private companies. Good crops and the rising demands of Europe's industrial population during this period required an efficient and fair grain handling system. By 1913, freight rates rose and farm and land prices fell in reaction to the Balkan Wars and the subsequent reappropriation of British funds away from Canadian agriculture (Morton, 1957, p.68).

#### World War 1 and Post World War 1 (1914-1928)

Overseas market demands for wheat increased during World War 1. Farmers expanded their operations and the spirit of cooperation among farmers changed to one of competition. The Prairies earned the status of "bread basket" to the world during this period. By 1916, Canada had become a dominant player in the global grain trade. A farm labour shortage occurred due to army recruitment, cessation of immigration and the demand for war industry labour. Farmers reacted to government encouragement to increase grain production by expanding cultivated areas and by countering the labour shortage with investment in machinery despite its increased cost due to the war industries. Farming efforts were rewarded with wheat prices that increased by 250% within a few years (Wilson, 1981, p.58). The federal government formed the Canada Board of Grain Supervisors in 1917 to handle wheat in the soaring market.

By 1914, the Prairie system was established and the boom over. The Panama Canal opened a new transportation route and reduced the cost of grain travelling from the west coast ports. It also provided westbound goods the choice between overland or sea transport. During the post World War 1 period and the associated drop in both demand and price for wheat, farmers were left financially in debt and bitter. The situation prompted the establishment of the Canadian Wheat Board in 1919 with the purpose of buying all grain and selling it at the highest price. The Canadian Wheat Board was a private-public enterprise in that its powers were granted by government and its operation supported by grain producers. The organization guaranteed that farmers would receive fair and equitable treatment regardless of farm location or date of grain delivery. Grain was either stored on-farm or delivered to privately owned elevators or elevators that collected on behalf of the Canadian Wheat Board (Kneen, 1990, p.24).

The dissolution of the Canadian Wheat Board in 1920, coupled with the declining markets and bank decisions to both call in loans and raise interest rates in efforts to reduce credit and borrowing caused the wheat economy to collapse. Overseas the reliance on foreign food sources encouraged protectionism and the trend toward self-sufficiency. The decline in the agricultural economy directly affected the manufacturing sector, as poor farmers translated into poor customers for the consumer goods of central Canada.

The dire conditions gave impetus to the creation of farm movements.

Farmers entered politics in 1920 with the political platform as listed below.

- . Greater government intervention in the economy;
- . public ownership of transportation and basic utilities;
- . regulation of the grain trade; and
- . lower tariffs (Bettison, 1975, p.102).

In 1923 farmers introduced a new method of cooperative marketing called a "pool". Pools offered farmers an average price for wheat in any crop year as opposed to the price at the time sold, thereby minimizing risk. All wheat delivered was pooled by grade and sold together. Farmers received an initial payment established according to world market conditions, and further payments before seeding and harvest according to the returns from the sale of that years pool. The "pools" supported the re-establishment of the Canadian Wheat Board in later years (Soth, 1991, p.3).

### The Depression

(1929-1938)

By 1928-1929, markets reopened and wheat prices rose until the collapse of the American stock market in October of 1929. This led to a drastic contraction of international trade as American investment abroad ceased, American tariffs were erected and American banks called in loans. Canada, so greatly dependent on primary resource trade, particularly

wheat, was devastated. Worse, the harvests of wheat that actually increased in 1929 were kept off the market in anticipation of higher wheat prices. Wheat prices only plummeted further. An international effort to stabilize the global wheat markets by establishing the International Wheat Agreement of 1933 failed due to national greed and inadequate methods of policing the agreement. The Wheat Board was re-established in 1935.

The poor economic conditions of the 1930's were coupled with poor environmental conditions. Farmers endured severe and prolonged drought conditions throughout the decade along with grasshopper infestation, grain rust and drifting soil. The main cause of the Prairie dust bowl conditions was the practice of summer fallowing. This farm practice was intended to let the land stand idle for a year to conserve the moisture in the soil. The tilling that prevented weed growth that would otherwise absorb the moisture, left the soil free to blow away and create the dust bowl and the infamous "black blizzards". The federal government established the Prairie Farm Rehabilitation Association in efforts to educate farmers and upgrade farming practices. The drought ended in 1938 (Canadian Geographic, 1990, p.18).

The earlier political activity of the rural minority was not sustained. The depression caused an exodus of farmers off the land into the cities. Smaller, less established farming operations were unable to withstand the losses and therefore, were either sold at low prices or abandoned. Similar trends occurred in the cities, as larger, more stable businesses



expanded and consolidated holdings.

World War 2 and Post World War 2  
(1939-1955)

In 1939, World War 2 was declared and the depression ended. The Prairies met the war time demand and again produced high yields of quality wheat for good prices. Increased yields were the result of chemical use including fertilizers and pesticides, unlike World War 1 yields which were the result of farm expansion. The Canadian Wheat Board gained compulsory marketing powers in 1943 under the War Measures Act in order to enforce wartime price controls. During the war, Britain and the United States created a Combined Foods Board with the mandate of allocating scarce food stuffs. Canada, being the second largest food exporter on the Allied side, managed to obtain a position on that board in 1943. Canada participated in grain aid to Europe through the United Nation's Relief and Rehabilitation Agency (Scammel, 1980, p.92-96).

After the war, between 1946 and 1950, the Canadian Federation of Agriculture attempted to stabilize the price of wheat by way of long term contracts with Britain. The grain trade changed in the post war era through the acceptance of Keynesian economic theory as described in Chapter 1 and which included government control of the grain market. Farmers, no longer subject wholly to the wide world price fluctuations, developed agriculture with the adoption of increased mechanization and use of chemicals such as fertilizers and pesticides.

Instead of a post-war depression, the initial post-war period was characterized by an increased volume of world grain trade. Several countries started to import far more than they exported as a result of war induced devastation in Europe and Asia and crop failures in the Soviet Union. Recovery was stalled in Europe by the intensification of the East bloc - West bloc division and in Asia by political unrest. The world supply of agricultural products was further reduced due to the Argentinean export policy that lowered wheat, maize and wool production. Consequently, agricultural prices escalated and North America rose in status in the world grain trade.

The extension of post war credit by Canada to Europe allowed them to import Canadian goods. While not profiting from exports to Europe, Canada imported heavily from the United States. The American 1948 European Recovery Program (Marshall Plan) focused on aid, trade and European economic recovery. It allowed European countries to use funds allocated under the program to cover purchases in Canada. The solution restored equilibrium in the Canadian economy, but created a situation wherein all of Canada's trade was either with or subsidized by the United States (Scammell, 1988, p.33-34).

The 1948 Marshall Plan was intended to last from 1948 to 1952, but was interrupted by the outbreak of the Korean War in 1950. The war altered the Marshall Plan by expanding the geographic area to be assisted and by emphasizing military aid rather than economic aid. It was interpreted by many as the first stage of a much wider war. The rush to stockpile

food and strategic materials led to the great 1950-1951 boom in primary product prices. The United States became concerned about its resource supply should China or Russia expand. Canada was viewed as a resource source and hence, American investment in Canada intensified. This was encouraged by the Canadian government in order to build up American dollar holdings (Scammell, 1988, p.34).

The North Atlantic Treaty Organization (NATO), an alliance of Canada's historic trading partners, was another product of World War 2. The organization served to revitalize the spirit of democracy and helped secure Canadian access to foreign markets. It also helped ease tensions between Canada and the United States. Canada was responsible for the inclusion of Article II or "the Canadian Article", which was intended to eliminate trade wars among participating countries. With the outbreak of the Korean war, NATO served essentially as a military alliance (Scammell, 1986, p.86-87).

(1955-1970)

European agriculture recovered and caused a drop in demand and price of agricultural products on world markets. The U.S. managed to stimulate food exports with Public Law 480 in 1954, "Food for Peace". In the latter half of the 1950's and much of the 1960's, while industry experienced seemingly limitless growth and expansion, primary producers experienced variable crop yields and adverse terms of trade.

Attempts were made to restrain price fluctuations within predetermined limits through commodity control schemes. The International Wheat Agreement of 1949 was a multilateral marketing contract agreement that established restrictive quotas at defined maximum price levels upon exporting countries. Price levels between importers and exporters were set within the agreed limits. Further agreements with varied success rates followed in 1953, 1956 and 1959. Canada and the United States dominated the export conditions, while Britain, being the major importer, criticized the schemes and withdrew in 1953. Britain's withdrawal was followed by other importers until the 1959 agreement affected only a small portion of world trade in wheat (Scammel, 1986, p.86-87).

Canada's Gordon Report of 1958 stated that agricultural operations could only share in the nation's economic prosperity were they to become more efficient through expansion and mechanization. The social ramifications of such trends were not recognized. Between 1960 and 1970 farms did reduce in number, but increased in size as per the recommendation. Additionally, capital investment doubled. Farm expansion and capital investment figures for the province of Manitoba from 1881 to 1986 are illustrated in Tables 1 and 2 in Chapter 3.

(1970-1980)

International agricultural trade increased in the 1970's due to a number of particular events as listed on the following page.

- . Crop failures in the Soviet Union, South and Southeast Asia which created enormous markets for North American grain;
- . rise in inflation and credit extension; and
- . increased world buying power due to the boom experienced by the members of the Organization of Petroleum Exporting Countries (OPEC) (Scammel, 1987, p.95-96).

In the 1970's, countries such as Mexico, Korea, Nigeria and undeveloped countries such as Ethiopia represented major agricultural importers. "Experts" predicted global food demands would increase into the 1980's and 90's. The predictions, in combination with inflation and increased agricultural profits caused Canadian farmland values to escalate. Banks responded by basing loans on the appreciable value of land and encouraging farmers to expand and mechanize using land as collateral. Farmers invested in more land and more capital assets. High government grain prices promoted extensive cultivation, even on marginal lands.

Technological advance in agriculture centred primarily on increasing the scale and capacity of machinery in response to the larger farm operations. The large scale reduced the time required to plant and harvest crops, but increased the amount of investment in farm equipment markedly. Continued developments in chemical fertilizers and pesticides, as well as hybrid seeds, did not lead to increased production as had occurred in the previous three decades (Wilson, 1981, p.33). Increased production due to agricultural technology had plateaued.

(1980-present)

By the late 1970's, international trade in agriculture dropped and collapsed by 1981. Decreased demand for OPEC oil translated into reduced buying power by OPEC countries and OPEC aided countries. High debt burdens of developing countries deterred further borrowing and hence, importing. European economic troubles led to a strengthening of the European Economic Community (EEC), reduction in agricultural imports and continued heavy subsidizing of European farmers. The increased supply of heavily subsidized EEC grain on the export market has reduced the market share of other major grain exporters and resulted in lower and volatile international grain prices. Grain prices have remained low due to an international subsidy war as the United States tries to maintain or increase its market share. Canadian producers are caught in the middle.

The General Agreement on Tariffs and Trade (GATT) established tariffs, quotas, preferences, internal controls and general principles for the conduct of international trade. An agricultural agreement was not included. Countries continue to pursue an agricultural agreement under GATT, but to date remain unsuccessful. National farm capabilities require protection for two primary reasons. The first relates to the impact of agriculture upon the general economy. The second relates to national security, and the ability of the nation to feed itself and not be hazardously dependent upon food imports. Countries attempt to achieve some measure of trade security through the establishment of

trade blocs and the erection of trade barriers (Scammell, 1986, p.108). A description of trade barriers and a list of current trade blocs are included in Appendix A.

International markets are further reduced due to increased global agricultural production as a result of the "green revolution" and the international shift in demand from bulk, low value products such as grain to higher value semi processed and processed products (Kneen, 1989, p.12).

The decreased demand for agricultural products and increased surplus resulted in decreased farm values and increased farm debt. The current farm financial crisis is largely the result of the debt incurred when farmers borrowed and purchased land on the basis of the inflated and speculative land prices of the previous decade. Land values which in the 1970's acted as collateral, no longer supported the debt.

As production costs assuredly escalate, commodity prices fluctuate according to market conditions. Since most Prairie grain is exported, international market prices greatly impact the whole of the Prairies. The international open market commodity prices reflect external supply and demand as countries compete for market shares. They do not reflect costs of production.

Increasingly, grain prices are largely determined by a monopolized international market. A small group of grain companies including

Cargill, control approximately 80-90% of the global grain sales (Ross 1984, p.7). The goal of the multinational is to maximize corporate profits. They are loyal to no one country and unconcerned about the plight of the primary producer. Low commodity prices may be offset by federal and provincial government stabilization programs as detailed in Chapter 4.

A separate pricing system is applied to the 25% of the yearly national harvest used domestically. The prices are restricted because consumers, manufacturers and processors believe that domestic prices that exceed export prices would increase food prices. Canada's cheap food policy thwarts the profits of farmers, but nurtures the agri-food industry with inexpensive and profitable raw material for processing and distribution on the domestic or export market (Ross, 1984, p.7-8).

In Canada, five wholesale companies control 86% of all retail food sales (Kneen, 1989, p.12). Purchasing groups with increased buying powers force independents to compete through the acquisition of cheap raw food. This applies pressure on the primary producers to offset low commodity prices by increasing crop volume. The result is a concentration of land and production ownership with fewer individuals or corporations.

Economic pressures have increasingly forced a shift in the Prairie foundation from agriculture to agri-business. Emphasis is no longer placed upon a strong rural order, but rather on profits. The government interprets a viable farmer as one who "makes optimal returns on per



total investment. The viable farmer then becomes one who juggles falling commodity prices, rising equipment costs and escalating land values, all by continuously increasing crop volume and production" (Ross, 1984, p.9).

Concentration at the marketing level reduces competition and therefore, increases the power of a few to determine prices. The agricultural producers are left with four main options to combat low commodity prices as listed below.

- . Increase crop volume through chemical intensification or holding expansion;
- . adopt monoculture practices (eg. specialize in cereal grains) in order to reduce labour and expenses;
- . obtain supplementary off-farm employment; or
- . sell out / go bankrupt (Ross, 1984, p.14).

The recent decline of the rural order is not new, but the accelerated rate at which it is occurring is alarming. Between 1969 and 1989, Canada lost an average of 21 farmers a day - 7 a day on the Prairies (Ross, 1984, p.14). The instability of the agricultural economy has taken its toll on both the land and the rural communities designed to serve that sector. Economic pressures have forced a dramatic increase in the number of farm closures, level of off farm employment and rural to urban migration. The ramifications of the farm consolidation process are discussed in Chapter 3. Rural communities are left with a smaller,

aging population.

### Prairie Settlement Development

The nation's progression within the industrial capitalist system transformed western agriculture and the network of service communities as it adopted the ethic of expansion and unlimited economic growth. The resulting changes reduced drastically the number of farms on the Prairies and weakened the structure of rural service communities. Pressures of the economy forced concentration of services within the agricultural system and those services supporting the rural population. The cumulative effects of technological innovation and societal change have resulted in a settlement system under stress.

The key innovation that allowed for the initial commercial exploitation of the Prairie agriculture potential was the steam engine. The train altered the relative location of centres and consequently, expanded surplus production by allowing access to both national and foreign markets. Steam engines required watering at frequent intervals as did the principle means of hauling grain, the horse and wagon. This ensured that communities with elevators and sidings were located at approximately 8 mile intervals. Individual capitalism dominated life during this era as illustrated by the proliferation of elevator companies and entrepreneurial business.

The transformation of the rural order began during World War 1 and

progressed in the late 1920's in correlation with the flourishing individual capitalism and technological innovation. Three inventions which served to further increase productive powers and reduce travel and distance barriers included electric power generation, the internal combustion engine and steel rail networks, locomotives and equipment.

Farms mechanized and expanded in order to meet the agricultural production demands. Small diversified family farms transformed into mechanized, single-enterprise farm business units. Each consolidation of one quarter section generally translated into the loss of one farm family. Mechanization gradually transformed production efforts from labour intensive to capital intensive operations. The increasingly complex system of economic organization enabled functional consolidation within industry and agriculture to emerge and the trend toward larger units and monopoly control to begin as early as 1900 and dominate by the end of World War 1.

Urban factories became the cause and effect of surplus production. Cities functioned as capital centres and due to massive immigration and rural out-migration as sources of labour and consumer markets. The high level of both interaction between cities and specialization of cities was the result of the increasing integration of the North American transportation system.

Growth in industry and communication continued based largely on electronics. Up until 1930, employment in the primary sectors and

secondary sectors dominated the structure of national employment and contributed to the growth of cities. After the 1940's, the main influence of urban growth came from increases in service activities and white-collar occupations.

The reduction in the number of farmers and their families led to the closing of businesses and the economies of scale led to centralization of both school and health services. This in turn led to a reduction of services and employment opportunities. Young people left the farms and rural communities in search of jobs, education, urban lifestyle or adventure. The social dimension to this acceptance of the economies of scale was facilitated in the rural areas beyond the farm as the car gained power as the cultural driving force.

Vehicular travel introduced geographic mobility to the formerly isolated rural areas. The construction of provincial and municipal roads freed people from having to depend on the nearby agricultural service community for supplies and socialization. The basic community functions of health care, religion and education were altered as a consequence of the new found mobility. Ambulances, school buses and cars facilitated the demise of the country doctor, little red school house and country churches.

The electrification of farms in the 1940's was intended to increase farm prosperity, diversity and productivity. Electrification of farm homes created a demand for labour saving appliances and communication devices

such as telephones, radios and televisions. These communication devices incited an exodus from the country as the rural population became increasingly aware of what opportunity lay within the large urban centres.

The result was a deterioration of the functional relations between land use activities and nucleated rural communities. The over-built service-settlement sector weathered rapid rationalization involving abandonment of both communities and less productive land in favour of fewer larger centres and better land.

The market economy became more integrated and complicated as the process of centralization and concentration of industrial and financial power continued. Corporate capitalism, the replacement of individual capitalism, was and still is the dominant influence on urbanization. Increasingly, only a few key financial and industrial bodies are responsible for the direction of individual city growth and the structure of the national space economy. Further alterations in the transportation network, including car, truck and air travel, reinforce the interrelationships of the urban system.

The trend of rural depopulation reversed slightly during the atypical 1970's decade. The prosperity of the agricultural and other sectors afforded people the freedom to choose to stay, return or move to rural locations and commute to work if necessary. The "home-town loyalty" in combination with a number of federal and provincial support programs

allowed communities to improve and thrive.<sup>3</sup> Agricultural service communities within range of larger urban centres changed their orientation to commuter service communities.

The collapse of the economy in the 1980's however, reversed the trend back to the original one of rural decline and depopulation. Farmland values dropped along with farm income levels. Commuters faced economic restraints and escalating gas prices. A mass out-migration of business and young people, who are the potential leaders, has decreased public revenues and the ability of local governments to support services and facilities.

#### Summary of the Prairie Development Process and Attributes

The history of colonial ambition, mercantilism and land ownership is manifest in the rural structuring of the Prairies. The settlement system was established during a period of rural dominance, albeit within the framework of the Industrial Revolution. The pattern was uniform, utilitarian and highly exploitive of both land and labour. The goal and attraction was individual land holding and commercial enterprise. Farms were labour intensive, small scale operations. The success of Prairie agriculture and settlement was dependent upon the rail and elevator systems, and the ability of municipal leaders to attract both to their

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<sup>3</sup>In the 1970's, the New Democratic Party (NDP) introduced the "Stay Option" to Manitoba. This involved the creation of several grants and programs targeted for small, rural communities. They focused primarily on infrastructure construction or improvement.

community. Settlements maintained agricultural linkages, but functioned relatively independent of urban influences (Dykeman, 1986, p.28).

The transition of Canada from a largely rural country and supplier of resources to a prominent industrialized nation has resulted in restructuring of agriculture and the national settlement system. The Prairie agriculture and community system are very much in the midst of this now. The current acceleration of global interconnectedness and the farm commodity glut on the international market has plunged the Prairie farms and community network into a crisis situation.

The review of Prairie agriculture and community development reveal the interdependencies and domino effect of change. The significant points of note impacting the Prairie structure include the economic base, orientation, trends and ideology.

- The Prairie provinces were designed for the implicit purpose of agricultural production for export. The economic base therefore, is largely undiversified, leaving the Prairie provinces, particularly Manitoba and Saskatchewan, primarily dependent upon a narrow range of agricultural products. Since production is aimed for the export market, the effects of wildly fluctuating world market conditions upon the Prairies are extreme.
- The goal of agricultural mass production introduced an industrial bias into the agricultural system. Concentration at the upper

levels of the food industry including primary commodity marketing, food processing and food retailing, forced adherence at the primary production level to the economies of scale. This required that farmers increasingly invest in land, machinery and chemicals. The result was and is concentration at the primary production level, which then forces concentration of the community network. The process becomes one of survival of the fittest.

- The increasing interconnection of global economies and support of the market driven capitalist system has forced an adjustment of the original model of farms and communities on the Prairies. The community network had been designed to support the original agricultural system containing many small, diversified family farms and a rural population with limited mobility. The change to a concentrated agricultural system and a sparse, and very mobile rural population has made many agricultural service communities redundant. Technological advance in communication and transportation served to introduce urban standards and expectations to rural areas and decrease the significance of distance. This expanded trade areas and therefore, intensified competition among rural communities. Dependence upon the local community due to proximity no longer applied.
- The trend for federal and provincial governments, as well as private businesses, to support the economies of scale through centralization of public services and stores in larger centres is



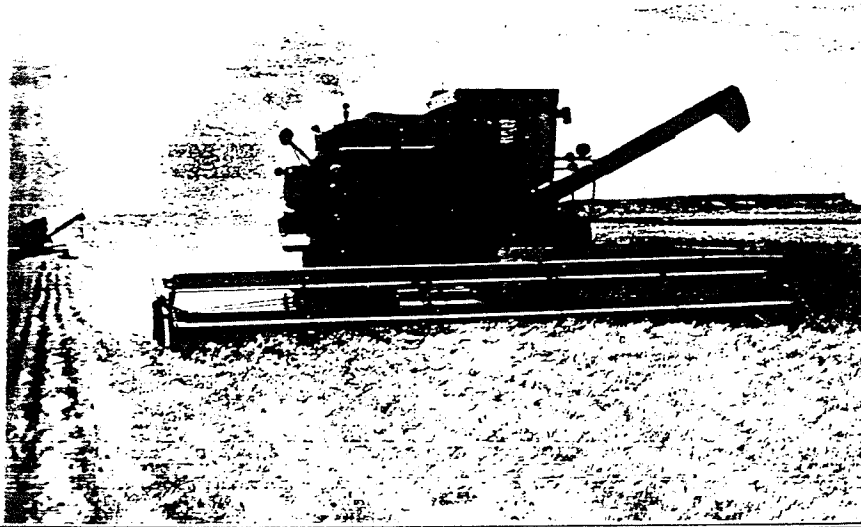
reinforced by the trend of rural depopulation and vice versa.

Global integration, industrialization of agriculture and modernization of the previously isolated rural areas have forced a restructuring of the entire Prairie rural order and weakened small communities to the point of rendering many dispensable.

Since communities were intended to serve agriculture, the main features were the surrounding farms, rail lines, elevators and essential human services. Economic rationalization of those key elements directly impacted the community. Part 2, Chapter 3 of this thesis elaborates upon the development and alteration of those elements and the resultant effect upon the small Prairie service community.

PART TWO  
CHANGE AND RESPONSE

CHAPTER 3  
ECONOMIC RATIONALIZATION OF THE PRAIRIES



The Prairies developed according to a definite design based on commercial agriculture. The structure however, did not anticipate the extreme effects of industrialization and, to a large extent, followed the familiar family farm and service community arrangement as per central and eastern Canada. The rapid acceptance of industrialized agriculture and urban standards required adjustment of that initial design in order to accommodate the principles of economies of scale.

This chapter describes the changes introduced to the Prairie agriculture

and community system as a result of industrialization and the market economy that it supports. The first section describes the market economy ideology and its effects upon the food industry and therefore, the Prairie form and function. The second to fifth sections describe the process of rationalization as it pertains to the farm, railway, elevators and community services. The last section summarizes the effects of this economic rationalization upon the Prairie community.

### Market Economy

The market economy ideology is derived from the economic and scientific thinking, and social organization of the 17th and 18th century England. The industrial revolution created a society based on the factory and the industrial system of production and distribution. It drew on non-renewable sources of energy for power and installed an entire system of social, economic and political values and institutions based on the profit motive, the growth ethic and the separation of production and consumption. The market economy which industrialization supports, is based on commodity exchange. Rapid acceptance of industrialized agriculture and urban standards on the Prairies forced adherence to these principles.

Farming became a business of commodity production dominated by science and technology and people were reduced to consumers, a mere function of the system. Profit opportunities increased with the value adding process of transforming and transporting the raw material or commodity

as much as possible. Inventions including the steam engine, the internal combustion engine, refrigeration and finally, the jet air craft allowed food to be produced and transported anywhere. Technological intervention eliminated the restrictions of distance and allowed agriculture to transcend the subsistent or self-reliant level.

"Until very recently, there were few voices to be heard suggesting that the distancing resulting from the the 'modernization' of food production, processing and transportation was not 'progress'. Now however, as the costs of this 'progress' has become evident on farms as in rural communities across Canada and around the world, as this progress destroys the environment and communities, there is increasing willingness to question the entire system" (Kneen, 1989, p.13-16).

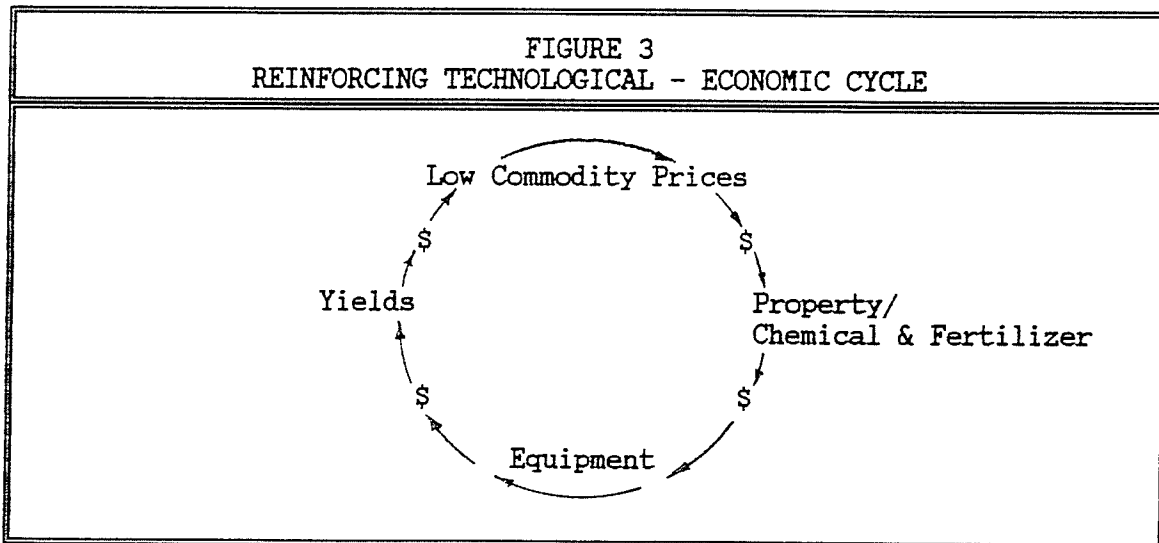
### Farm Consolidation

The process of farm consolidation began with the limited Homesteading Policy. Farmers acquired additional one quarter sections through private land sales and by 1908, through the second Homesteading Policy. The rate and progress of farm expansion was largely determined by agricultural prosperity and the availability of labour saving machinery.

The trends to mechanize and consolidate intensified during World War 1 as farmers were encouraged to expand on credit in order to meet the wartime food production demands. The process stalled during the depression, only to increase again during World War 2 due to labour

shortages and increased food demands. The trend, aided by technological advance, continued after the war when rural immigration ceased and urban industrial opportunity increased. Competition between farm units for a share of the market intensified, reinforcing the economies of scale and specialization.

Fluctuating commodity prices in the international market, in combination with the acceptance of the ethic of efficiency and unlimited growth continues to contribute to heavy investment in equipment, intensified use of chemicals and fertilizers and continued investment in land for purposes of farm expansion. The result is a reinforcing technological-economic cycle as illustrated below.



Low commodity prices demand greater yields. Greater yields demand area expansion and/or chemical and fertilizer intensification. This requires increased investment in land and equipment. Increased investment and

low commodity prices demand greater yields and the cycle continues.

Table 1 on the following page illustrates the trends in farm consolidation and land tenure. Farms are decreasing in number, but increasing in size as per government recommendation and economic demands. Still, "the most dramatic trend in Manitoba's economy has been the erosion of agriculture's dominant position. At its height seventy years ago, farming accounted for 40% of all gainfully employed Manitobans and 60% of goods production. By 1985 farming accounted for 9% of employment and 21% of goods production. The number of farms has declined by over 50%, from 58,024 in 1941 to 27,336 in 1986 as illustrated in Table 1. Industries linked to agriculture have been adversely affected" (Canadian Plains Research Centre, 1990, p.128).

Concurrent with the increased scale of farms is the alteration in farm tenure from the situation in 1881 where 96.3 % of the farms were owned to that in 1986 where 50.4% were owned. The concentration of land ownership due to increased land prices has led to an increase in the amount of land being rented. Renting provides a way for farmers to maintain a large enough land base to be viable. The transition in farm tenure may be interpreted as a return to the feudal system with big landlords and tenant farmers. This has introduced a trend in foreign and non-resident ownership and a reaction by provinces to restrict purchase.

TABLE 1  
MANITOBA FARM STATISTICS

Year	# of Farms	Total Area in Farms (acres)	Average Farm Size (acres)	Land Tenure (%)			
				Own	Man- age	Rent	Own/ Rent
1881	9,077	2,384,337	-	96.3	.40	3.3	-
1891	22,008	5,228,272	-	90.4	.35	9.2	-
1901	32,252	8,843,347	274.2	88.9	-	5.0	6.1
1911	43,631	12,184,304	279.3	83.4	-	10.4	6.2
1921	53,252	14,615,844	274.5	81.1	.90	11.4	6.7
1931	54,199	15,131,685	279.2	69.7	.38	18.1	11.8
1941	58,024	16,891,322	291.1	66.0	.65	18.9	14.4
1951	52,383	17,730,393	338.0	71.0	.68	9.7	18.7
1961	53,306	18,169,951	420.0	64.9	.38	8.0	26.7
1971	34,981	19,008,259	543.0	-	-	-	-
1981	29,442	18,819,365	716.0	54.6	-	7.7	37.4
1986	27,336	19,126,517	777.0	50.4	-	8.2	41.4

Source: Census, Statistics Canada.

Statistics in Table 1 may reflect an increasingly restrictive definition of a "farm" for census purposes. Additionally, the calculated average farm size distorts reality since small (less than 100 acres) combine with very large operations to suggest a majority of median size farms. More detailed statistics reveal a trend toward an increasing number of specialized or "hobby" farm units and at the other end of the spectrum, an increasing number of larger farm units.

Table 2 on the following page illustrates the fluctuation of assessed farm values from 1881 to 1986. Figure 3 illustrates graphically the



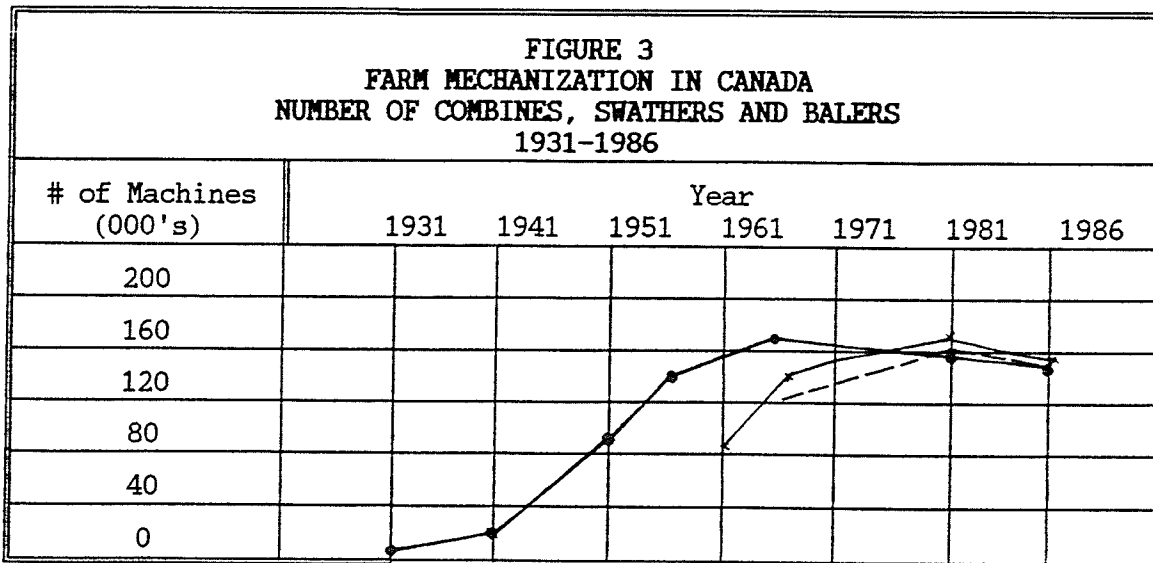
trend to mechanization on Canadian farms.

TABLE 2  
MANITOBA ASSESSED FARM VALUES

Year	Assessed Farm Values (\$)			
	Land & Bldg	Implmt & Mach	Livestock	Total Value
1881	-	-	-	-
1891	-	-	-	-
1901	113,283,261	12,169,619	25,902,201	151,355,081
1911	372,567,189	27,956,212	62,720,190	463,243,591
1921	493,811,006	67,847,699	75,729,340	637,388,045
1931	288,659,500	54,847,200	44,635,428	388,142,128
1941	229,487,700	58,886,600	50,803,976	339,178,276
1951	528,872,527	231,801,397	156,112,868	916,786,742
1961	719,612,000	272,018,900	162,456,700	1,154,087,600
1971	1,374,238,600	411,471,300	269,781,190	2,055,618,800
1981	7,835,722,080	-	791,619,927	10,450,954,346

Source: Census, Statistics Canada.

FIGURE 3  
FARM MECHANIZATION IN CANADA  
NUMBER OF COMBINES, SWATHERS AND BALERS  
1931-1986



Key: • Combines x Swathers - Balers  
Source: Census, Statistics Canada.

The increased capital investment resulted in a financial crisis for many farmers that continues today. Often the debt is greater than their equity and the cash flow cannot cover the interest on the debt. The major cause of the crisis in the rural economy is the gap between the costs of production and the price paid to the farmer. The result is increased off-farm employment, closures and consolidation. Table 3 below illustrates the percentage of farmers working off the farm and the average number of days working off the farm per year.

TABLE 3 OFF-FARM WORK IN MANITOBA		
Year	Working Off-Farm (%)	Av. Days Off-Farm Work/Year
1961	24.3	135.2
1971	30.9	142.6
1976	28.9	155.5
1981	35.4	154.3
1986	35.5	158.2
1990	*81-83	-

Sources: Westarc Group Inc. \* Mb. Dept. of Agriculture Sample Survey

The previous tables present a direct correlation between changes in agriculture and population. Increasingly, farm population is accounting for a lower percentage of the total population. Farm population is defined as those people who are members of the farm operator's household. Increased mechanization reduces labour requirements and farm consolidation reduces the number of farm families and therefore, supporters of rural communities. Tables 4 and 5 illustrate the change in farm population as a percentage of the total population.

TABLE 4 TOTAL, POPULATION: FARM AND NON-FARM AND PERCENTAGE OF PERSONS IN THE FARM POPULATION, CANADA, 1931 TO 1986				
YEAR	TOTAL	FARM	NON-FARM	FARM POP AS % OF TOTAL
1931	10,376,786	3,223,422	7,153,364	31.1
1941	11,506,655	3,116,922	8,389,733	27.1
1951	14,009,429	2,827,732	11,181,697	20.2
1961	18,238,247	2,072,785	16,165,462	11.4
1971	21,568,310	1,419,795	20,148,515	6.6
1981	24,343,180	1,039,851	23,303,329	4.3
1986	25,309,330	890,490	24,418,840	3.5

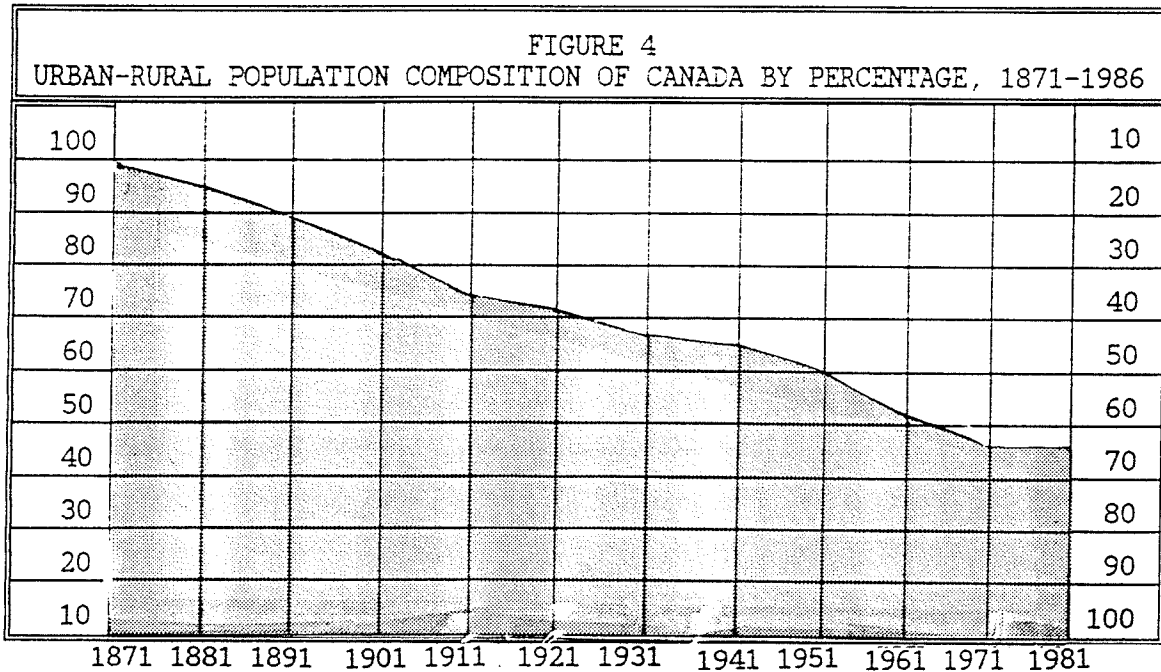
Source: Census 1986, Focus on Canada, Canada's Farm Population

TABLE 5 PERCENTAGE CHANGE IN THE FARM POPULATION BETWEEN 1931 AND 1986 CANADA AND PROVINCES			
PROVINCE	FARM POPULATION		% CHANGE
	1931	1986	
Manitoba	254,302	84,690	-66.7
Saskatchewan	561,407	161,495	-71.2
Alberta	370,899	178,115	-52.0
CANADA	3,223,422	890,490	-72.4

Source: Census 1986, Focus on Canada, Canada's Farm Population

The Prairie provinces of Manitoba, Saskatchewan and Alberta increased their share of the nation's population since the opening of the west. Between 1901 and 1921 it rose from 7.8% to 22.2%. The rate of growth declined to 21% during the depression and continued to fall between 1941 and 1961 to 17.5%. Between 1961 and 1986 the population remained relatively stable at approximately 17%. Figure 4 on the following page

illustrates the weakening of the rural sector through population loss.



Source: Census 1986, Focus on Canada, Canada's Population Ocean to Ocean

By 1986, 49.3% of the nation's population lived in municipalities with populations of 50,000 people or more. Approximately 30.2% lived in municipalities of 5,000 to 50,000 and the remaining 20.5% lived in municipalities of less than 5,000. On the Prairies, there are more smaller centres and few large centres. The majority of the population lives in the large centres where opportunity is greater. The population migration trends reflect the contraction of the rural order. In 1871, 80.4% of the nation's population was classified as rural, and by 1971, only 23.9 % (Census 1986, Focus on Canada, 1986, p.5).

## Rail Rationalization

Extensive railway building was the result of over-estimations of agricultural prosperity and rail revenues. The Prairies were covered first by the Canadian Pacific Railway (CPR), the first transcontinental railroad, and then by a multitude of other railines of competing companies. The federal government averted bankruptsy of the smaller companies by assuming control and forming the Canadian National Railway (CNR). Rationalization of the entire system is required in order for the service to be profitable. The process is not simple however, due to a powerful history that has catapulted the rail operation beyond an economic issue to a regional ideology.

Initially, the railway served as a vital link to the population of the Prairies. It supplied goods and essentials, and transported grain to markets. The basic problem lies in the fact that "the west is captive to a transportation monopoly shared by two railway companies directed and managed from central Canada (Canada West Foundation Special Task Force, 1980, p.213). In the United States, railways must compete with inland waterways which are maintained at public expense and with an interstate highway system. In central Canada, railways compete with the St. Lawrence Seaway which is financed by the government. In central Canada as well, there are shorter distances between major population centres and therefore, there is intermodal competition.

Initially, freight rates displayed some principle of equity. From 1881 to 1883 the rates in western Canada were approximate to the winter rates for the Grand Trunk railway in eastern Canada. Soon it became apparent that the sparse traffic and higher operating expenses in the west required increased rates in order for the CPR to operate successfully as a private company. The CPR then charged different rates within each of the nation's regions, even though revenues and expenses were pooled.

The Crow's Nest Pass Agreement of 1897 marked the first major intervention by the federal government in the rate structure. The Crow Rate provided lower rates for east-bound grains and for west-bound settler goods. The rate was based on an average of 1/2 cent per ton mile and an average of 13 1/2 cents per bushel of wheat (Canadian West Foundation Special Task Force, 1980, p.213). This served to promote specialization in the Prairies. Elimination of the preferential rates in World War 1 led to extreme protestations in the west. Subsequently, the lower rate for export grain was re-instituted, but the lower rate for west-bound goods was abandoned permanently. By then central Canada had great advantage in manufacturing and the rate change did little to encourage economic diversification on the Prairies. By the end of the 1930's the errors of past railway policies were apparent.

Increased modernization introduced competition for the rail lines through the construction of better roads and increased affordability and availability of truck transportation. The Crow rates, as they became known, covered the transportation costs until the early 1950's when it

was announced that losses were being sustained in hauling grain. This created demands for an end to the statutory grain freight rates that were negotiated in 1897 and enacted into law in 1925. It also resulted in reductions in Prairie branch line investment.

The federal government responded by appointing a Royal Commission in 1959 to study rail transportation and freight rate inequities in Canada. The 1961 report recommended changes be made to the national transportation policy as listed below.

- . Public regulation of the transportation system should be eased so as to allow competition between the various modes of transport;
- . abandonment of uneconomical lines should be granted during the following 15 years; and
- . railways should receive public subsidies to cover both the costs of grain transportation and the operation of those uneconomical branch lines that were required to stay open for the public benefit (Wilson, 1981, p.181-185).

In 1965 the federal government issued an order protecting all lines from abandonment for a period of 10 years with the exception of 1,839 miles of branch line. In 1967, the National Transportation Act was passed. This Act served to create the Canadian Transport Commission (CTC) whose mandate was to oversee the abandonment process and to administer the payment of subsidies. By 1970, specific subsidies to cover the actual losses on the operation of those unprofitable Prairie branch lines that

were required to stay open replaced the general subsidies previously administered. The subsidy became a commodity subsidy applicable toward the costs of hauling grain and grain products to export positions on the total 19,000 miles of railway lines in western Canada.

Over the next decade a series of reports recommended various formulas for rail line abandonment, protection or additions as listed in Table 6 below. Not included in the table are the miles of track referred for further study or to the CTC for abandonment hearings. The rail network stabilized until rail line abandonment became a major political issue in the 1970's (Wilson, 1981, p.181-185).

TABLE 6 PRAIRIE RAIL SYSTEM			
Report	# of Branch Lines to be Abandoned	# of Branch Lines to be Protected	Miles of Rail Lines to be Added
Hall Commission 1975-1977	2,165	12,413	1,813
Prairie Rail Action Committee 1977-1978	2,165 + 1,498 =3,663	1,044	35
Neil Study 1979	3,663 - 633.75 = 3,029.25	1,044 + 633.75 = 1,677.75	35
Pepin 1980	3,029	1,677.75	35

Source: Wilson, Barry, 1981.

Statutory freight rates prohibited increased railway revenue generation and resulted in railway deficits. Unprofitable tracks were allowed to deteriorate, making upgrading extremely costly and uneconomical.

Decreasing traffic led to the rationalization of the branch line system



(Darling, 1980, p.88-92).

The Crow's Nest Pass Freight Rate Agreement which basically froze grain freight charges to producers, is still cited as the major factor limiting grain exports. In 1958, the MacPherson Royal Commission found that the rates covered 91.5% of variable costs. Since that time railway costs have risen so that today the fixed rates only cover a small portion of the cost. In effect, "western Canada suffers the worst of two worlds, the ills of monopoly and the wastes of competition in its railway system" (Canada West Foundation Special Task Force, 1980, p.215). The creation of the CPR and then the CNR resulted in two railway systems with inefficiencies and duplications. Many grain farmers feel that the Crow rate is all that prevents them from paying whatever the railroads decide. The steadily rising rates are borne by the farmers through their net income.

The importance of the railway to Prairie communities remains as strong as it was during the early days of Prairie development. Originally, those communities not located on the rail route were abandoned or in some cases, moved to railyards. Today, the former still applies, though the process may be slow and painful.

#### Elevator Rationalization

The grain elevator system developed simultaneously with the rail system in order to service pioneer farmers. Its development followed a similar pattern of over-building due to over-estimations of grain production.

The rationalization of the rail system was paralleled by the rationalization of the elevator system.

In the early years most elevators were built and owned by independent grain dealers and small companies. The system was soon dominated by three: Northern Elevator Company, the Lake of the Woods Milling company and Ogilvie Milling Company. By 1899, producers declared a lack of competition among companies and a complementary conspiracy of cooperation between companies and the CPR. A federal Royal Commission investigated the allegations and concluded price competition between elevator companies to be minimal. The trend toward consolidation of individual and small elevator chains into larger companies brandishing greater market place power began at this time.

Continued dissatisfaction led to an increase in both government and producer involvement in the grain marketing business. World War 1 created an increased demand for Prairie wheat and pressure for some measure of market controls in order to control grain prices under open market conditions. The instability of world affairs opened unregulated commodity markets to widespread speculation and profiteering, leaving farmers to sustain the "boom and bust" cycles. The federal government intervened by creating the Board of Grain Supervisors for the purpose of selling the 1917-18 crop. Once completed the board was disbanded. A second marketing agency was established with the passing of the Canada Wheat Board Act of 1919, and also disbanded one year later.

Between 1924 and 1926, the farmers of Alberta, Saskatchewan and Manitoba formed co-operative "wheat pools" to compete with the private trade companies. The near collapse of the pools and their central selling agency during the depression intensified the demand for a compulsory marketing board to displace grain companies. The Canadian Wheat Board, a quasi-public agency or quasi-governmental monopoly, was re-established in 1935 (Moton, 1957, p.102-105).

The exhaustive farming during World War 1 rendered the soil fragile and unable to endure the 1934 and 1937 droughts, and thus nature effectively ended the problem of unsold surplus grain. Drought shook the foundation of the national economy, but especially the one crop wheat economy of the west. A need for change within the agricultural framework was very apparent by the mid 1930's.

The post depression elevator system was characterized by a major consolidation program. The economies of scale have transformed the abundant supply of country elevators to a collection of modern and efficient elevators that have the ability to accommodate greater amounts of grain. The older outdated elevators attracted less business and were uneconomical and consequently, industry officials abandoned the elevators.

The factors that perpetuated the elevator consolidation process are listed on the following page.

- . Improved rural road conditions;
- . increased use of farm trucks;
- . introduction of high throughput elevator designs;
- . improved safety and health standards which are costly to implement in older elevators;
- . increased elevator labour costs; and
- . rail line abandonment.

Table 7 and 8 below illustrate the elevator consolidation process.

TABLE 7 LICENSED PRIMARY ELEVATORS - CANADA					
Year	# of Companies	# of Elevators	# of Elevator Points	Storage Capacity (tonnes)	
1958-1959	43	5,338	2,077	10.4	382
1968-1969	31	3,747	1,923	10.9	400
1978-1979	22	2,440	1,394	9.2	338
1988-1989	18	1,666	1,052	7.4	272

Source: Grainews, August 1990.

TABLE 8 GRAIN DELIVERY STATIONS						
Year	Ont.	Man.	Sask.	Alta.	B.C.	Total
1958-1959	2	377	1,105	587	6	2,077
1968-1969	2	333	1,041	540	7	1,923
1978-1979	-	249	737	401	7	1,394
1988-1989	-	192	546	310	4	1,052
1989-1990	-	183	523	299	5	1,010

Source: Grainews, August 1990.

The development of inland terminals as major grain collection and cleaning sites garnered controversy. The inland terminals are large, one million bushel capacity or more facilities that offer cleaning services and special premium incentives to attract business. Co-op grain companies and some producer groups feared primary elevators with those facilities would create unfair competition for surrounding primary elevators and promote further trucking of grain. This in turn would generate road and rail deterioration. Many farmers welcomed and promoted the more efficient terminals despite the possible increase in hauling distance. The greater capacity and quicker service allowed farmers to make fewer trips.

The consolidation process has improved the efficiency of elevator operations and increased their capacity, albeit at the cost of increasing hauling distances for farmers, reducing competition between delivery points and robbing the small communities of one more service function.

#### Rationalization of the Community Services

The Prairie service community was designed with specific functions oriented to serve the surrounding agricultural sector. Farmers required grain elevator delivery points and rail service in order to transport their grain to market. The farm population required essential services including education and health care. Other necessary services included stores, as well as sales and service garages. Economies of scale have

demanded rationalization of the agricultural infrastructure. This in turn has perpetuated a rationalization of community services.

Originally, schools were located within a reasonable walking distance for students. Rural depopulation, road improvement and increased vehicular travel extended the acceptable distance of school location. In 1967, several small country schools were closed and school districts consolidated. It was claimed that bigger was better. Research has since proven that size is not a determinant of educational quality (Scharf, 1974, p.22).

Health services formerly consisted of a country doctor who worked out of a small office and made house calls. Modernization elevated health standards and the expected level of services. Increased mobility contributed to the centralization of health care in larger urban centres with better quality equipment and specialized service.

Independent businesses in small communities served a known trade area. Increased mobility and desire for variety and lower prices have combined to create extreme competition. Additionally, increased off-farm employment in larger centres has facilitated the patronage of services in larger centres. For the most part, the small independent businesses have become a mix of franchises and chain stores through the integration of the small community into corporate Canada. Chains account for approximately 60% of Canadian food sales, while independents operating in major or secondary wholesale-sponsored group programs account for approximately 30% (Keen, 1989, p.51). Sales and control in the food

distribution sector is extremely concentrated.

Service stations followed the same trends of specialization and concentration. Formerly, farmers patronized the local garage for both repairs and purchases. Today, the consolidation of businesses and extreme complexity of machinery have left local garages to act as mere filling stations. There appears to be a variety of feed and machinery companies, but in reality chemicals and seed will probably come from the same six or seven companies. There are also only about six corporate machinery companies (Kneen, 1990, p.89).

The vertical integration of the economic and settlement networks have resulted in a weakening of lateral linkages. Not anticipating the extreme effects of industrialization, and the subsequent modernization of society, led to the undersizing of farms and overbuilding of rail lines, elevators and service communities. As the population to be served declines, so do the functions of communities and therefore, their role in the settlement framework. Many communities are simply redundant and consequently, dispensable.

#### Summary of the Effects of Economic Rationalization

"The wholesale application of technology advocated and developed within the social context of reductionist science and the industrial revolution" has forced a continual refinement of the Prairie economic and settlement structure (Kneen, 1990, p.90).

The entire settlement, farm, railway and elevator system was designed according to the horse and man power of the day. Advance in farm mechanization and the subsequent substitution of capital for labour, in combination with advance in transportation and communication technology proved the original system inefficient. The concepts of efficiency and productivity became the driving forces behind the painful process of restructuring.

Economic rationalization of the farm, railway, elevator, as well as the public and private services system, served to reduce the number of supporters and functions in smaller, less competitive communities. A small, dispersed population cannot compete with the economies of scale found in larger centres. Consequently, the rural community is gradually being destroyed through the dismantling of its infrastructure. Communities are left to adapt to change through a re-orientation of their function or decline further.

The development of the Prairie service community was guided by government policy. Its decline through the contraction of its functional relevance has also been affected by government policy intervention or lack of intervention. The next chapter explores the approach taken toward agricultural and rural development in Canada.



## CHAPTER 4

### CANADIAN GOVERNMENTAL INFLUENCE ON THE PRAIRIES

The form and function of the Prairie agriculture and settlement system were greatly influenced by the objectives of government policy and the strong faith in the regulatory abilities of the market economy. Government policies are best understood within the national political ideological context. For that reason, this chapter is divided into three sections. The first provides insight into the varying political rationale behind the government policies through a description of political ideologies. The second describes the political climate on the Prairies and the third describes the policies affecting agriculture and rural development. The last concludes with a summary of the inherent limitations of the government policy.

#### Political Ideologies

Ideological rationale determines government policy design. As leaders change, policy direction changes and consequently, national development. The ideologies relevant to Canada include Conservatism, Neo-conservatism, Liberalism, New Liberalism, Socialism and Populism. Each ideology favours a particular analysis of society and a particular economic program .

## Conservatism and Neo Conservatism

The Anglo-Saxon tradition of conservatism is based upon the principle of organic community. It is characterized by a distinct hierarchal class division dominated by land proprietors, a respect for ancient tradition and a defense of the establishment, throne and altar. Canadian conservatism is a modified version. The basic institutions of conservatism are upheld, but particular characteristics have been adjusted to accommodate the needs of regional disparity and differing class compositions.

Neo-conservatism is characterized by individualism. Opposition is directed against the legislation of laws that favour one group over another. Consequently, assistance to farmers is not promoted. It advocates freedom from restraint and interference. The economic theory is monetarism, which assumes government action rather than demands of labour, business or foreign cartels to be the principle cause of inflation. When the rate of increase in the quantity of money is greater than the rate of economic output, the result is inflation. Policy then promotes tighter credit and fiscal restraint whereas positive liberalism proposes wage and price controls.

Neo-Conservatism believes in the regulatory abilities of the capitalist economy and therefore, does not promote government intervention. Small Prairie communities as a result, must compete for their place within the system with little or no assistance.

## Liberalism and New Liberalism

Liberalism in France was strongly anti-clerical and advocated secularism in political life. In England opposition was directed at the religious establishment rather than religion itself. Canadian liberalism had to overcome misguided associations with the former continental liberalism before being accepted as a national ideology. Sir Wilfred Laurier's liberalism fostered the ideal of individual and social freedom and a spirit of tolerance.

The view of society held by the earliest liberal theorists, such as John Locke, comprised groups of people joined through individual self-interests. "Interest group liberalism" initially defended the moral ideal of government for the general welfare. Generally, Canadian liberals rejected fixed economic theories and avoided extreme individualistic economic liberalism as espoused in the United States.

The New Liberalism differed from the older form by shifting to a more comprehensive approach. It adopted an empirical approach of analyzing societal forces and interest group interaction. It also appreciated the necessity of economic controls to achieve stability, as well as the combination of combining freedom and social justice. Collective liberalism became the mainstream ideology in both Canada and the United States during the Great Depression.

Liberalism claims to utilize scientific analysis and recognizes society

to be comprised of competing interest groups; regional, ethnic and economic, which when gathered together form a majority with the government functioning in the role of political broker. Prairie farmers therefore, can bring forward their concerns, but must compete with all other interest groups. The stability of small, agricultural service communities consequently, is largely influenced by the success of lobbying efforts of farm and small business groups.

### Socialism

Socialism embraces a collective approach and has an aversion to individual self-interest. The emphasis is on the community as a whole. The view of society is one filled with equality, economic efficiency, altruism and cooperation as opposed to one filled with egotism and competition. The main areas of concentration are listed below.

- . Social and economic equality;
- . social environment;
- . humanitarian reaction to the economic and social consequences of liberalism; and
- . wastefulness of capitalism.

The ideology employs gradualistic means for reaching its key goals of democracy and equality, including abolition or modification of private property. Private property represents individual self interest and is viewed as a mainstay of established society and inequalities, and

therefore, is an obstacle to social reform.

Socialism advocates modification of the free-market system in order to better achieve equality. Intervention into the social and economic system can assist small communities and help alleviate competitive disparity.

### Populism

Populism criticizes certain aspects or institutions of the capitalist system. In Western Canada populism was characterized by a commitment to democracy and egalitarianism confronting the concentrated financial powers of the banks. Supporters of this party generally consisted of independent agricultural producers and operators of small businesses.

The principles which promoted the protection of life, liberty and property were particularly well suited to the Prairies. In the western frontier the sanctity of property ownership and the reaping of the rewards of one's labour was held supreme. The philosophy was adjusted due to harsh environmental conditions which demanded frontier cooperation. Populism or direct popular control was the primary element of change.

### Prairie Political Climate

Initially, during the frontier era, rural development was the equivalent

of national development. Policies were influenced by the British view of Canada as either a commercial entity to be exploited for its resources or as a means of escape from the rigid class system of the homeland. After the British conquest in 1763, the British expanded settlement across Canada and the French forfeited control of commercial and industrial development.

Policies developed in the era after 1870 were the product of prevailing economic conditions and future goals. The National Policy was designed to facilitate western economic exploitation to the satisfaction of Ontario and Quebec business interests and secondly, to establish political sovereignty over the Northwest Territories. The land survey and ownership formula were conducive to the British spirit of outward commercialism and individualism. The land grants and immigration policy favouring and promoting farm people ensured that the Prairies would develop as an agricultural producing region based upon the ethic of land ownership. The isolation, harsh climate and fluctuating economic conditions fostered frontier cooperation and a unique Prairie political, economic and social perspective. Soon the elements combined to create a desire for government intervention. Farmers united to voice their concerns and demand government action.

The first know farm group on the Prairies was the Grange, "a mysterious secret society of farmers started in Washington, D.C. in 1867 to oppose monopoly, tariffs and profiteering which would influence farm incomes" (Wilson, 1981, p.241). It appeared in Manitoba in 1876 and disappeared

by 1900. The Manitoba and Northwest Farmer's Alliance surfaced in 1895 and opposed the monopoly practices of the CPR and grain elevator companies. It was influential in inciting the 1899 royal commission which recommended government regulation as introduced in the Manitoba Grain Act of 1900. The Territorial Grain Growers Association began in 1902 and brought attention to the lack of CPR trains and unacceptable grading practices of elevator companies.

The period between 1900 and 1920 experienced growing support and success for farm groups. The farmers had power and used it effectively. The first farmer-owned grain company, the forerunners of United Grain Growers Ltd., was formed in 1906. Prairie provincial governments responded to agrarian pressure as illustrated by the Manitoba government's purchase of a line of primary elevators.

In 1910, the Canadian Council of Agriculture was formed to act as an outlet for the political and policy aspirations of Prairie farmers. In 1918, it presented a document for national political reform containing the recommendations as listed below.

- . Proportional representation;
- . election of women to parliament;
- . lower tariffs;
- . public ownership of the wealth; and
- . creation of a League of Nations (Wilson, 1981, p. 241-242).

The Council disbanded later due to its inability to form "a united political voice".

Political tactics ranged from influencing existing parties to the formation of farmer-dominated political parties. The former was attempted by the Patrons of Industry and the Territorial Grain Growers Association with the Liberal party. The latter included such organizations as the United Farmers of each of Alberta, Manitoba and Ontario and the National Progressive Party. Decline of the Progressives paralleled the decline of the Canadian Council of Agriculture.

Farmers decided their organizations should depart from direct political parties and focus on economic means such as Prairie wheat pools to forward their cause. Farmers continued to influence politics however. In 1932, the Co-operative Commonwealth Federation (CCF) was established by leaders of farm, labour, clergy and reformists. In Alberta and Saskatchewan, the party had its base among farmers and their organizations and in Manitoba, with the Independent Labour Party (ILP). The latter dissolved in 1943. The CCF emphasis was on achieving state power through constitutional means.

The demand for change on the Prairies led to the development and implementation of a series of agricultural and rural development policies which in turn affected the small agricultural service community.



According to the constitution, the British North America Act (BNA), power over regional and trade policies resides with the federal government. Direct power over small communities resides with the provinces. All are interdependent however, and thus the small agricultural community is affected by both federal and provincial policies.

### Policy affecting Agricultural and Rural Development

Government policies represent a definite course of action chosen to guide current and future development. Rural Canada has progressed through periods of expansionism to decline and dependence. Agricultural or rural development policy throughout has maintained a commercial orientation that facilitated the application of technology and the process of economic rationalization.

#### Federal Policy

Policy formulation is one of the primary functions of the federal government. Federal policy has been implemented according to the models listed below.

- . Direct implementation by specific sectors (ie. agriculture);
- . direct implementation by the coordinating department;
- . direct implementation of area specific programs by special agencies; and

. coordination of all federal programs to ensure appropriate rural development initiatives (Dykeman, 1988, p.53).

Assistance provided to rural areas consists of grant and incentive programs. Grant programs are usually federal-provincial agreements that share cost and implementation responsibilities. Citizen participation is seldom part of the programs. Generally, grants are directed at hard infrastructure in municipalities with high unemployment in order to help attract industry and create jobs. Other funds may be directed toward education and training programs.

Federal incentives, in the form of grants and loans, are directed at industry to encourage location in certain areas. Joint federal-provincial incentives, in the same form, are directed toward certain sectors of the economy. In both cases, the incentives are generally conditional upon certain amounts of capital investment by the entrepreneur, number of jobs to be created and the time frame.

### Agricultural Policy

Agricultural policy has consisted of a plethora of subsidies, grants and assistance offered on a seemingly ad-hoc basis. Integral to agricultural policy throughout however, were the support of the owner-operated farm structure and the goal of maximizing production levels. As technology advanced, those two key ingredients of the policy worked against one another as described in Chapter 3 - Farm Consolidation. The

family farm structure has changed into a corporate farm structure as producers combat low commodity prices with increased production. In the early days of horse and manpower, purchased imports were minimal and credit requirements negligible. Today farm capital investment is extremely high and government involvement the norm. Direct relief payments of yesterday have been replaced by complicated insurance and income stabilization programs, boards and commissions. An overview of government agricultural policies since confederation are listed below.

- Research and Extension

As stated earlier in Chapter 2 - Agricultural Development (1870-1914), immigrants transferred incompatible farm practices to the Canadian Prairies and consequently, suffered crop failures. In order to assist farmers, the federal government developed as Experiential Farm System. The system amalgamated with the Science Service Laboratories in 1959 to become the Research Branch of the Canada Department of Agriculture. This is complemented by the Animal Disease Branch and the Canadian Grain commission's Grain Research Laboratory (Canada West Foundation Special Task Force Report, 1990, p.238).

- Farm Credit

As farms mechanized, the escalated capital investment created

large credit requirements. The Canadian Farm Loans Board<sup>4</sup> supplied somewhat subsidized credit for the development of family farms. Generally, loans related to land purchase or debt. Provincial governments have occasionally supplemented the FCC, but primarily concentrated on promoting specific farm types or assisting young farmers entering the industry. The federal government designed the Farm Improvements Loans Act in 1945 to provide intermediate and short term credit by guaranteeing loans to farmers by banks and Alberta Treasury Branches. The majority of these loans were to purchase machinery (Canada West Foundation Special Task Force Report, 1990, p.201).

- Statutory Grain or "Crows Nest" Rates

The rapid development of the Prairies depended upon two primary factors, land resource and transportation. Prairie production opportunities would have been limited to high value for weight commodities without a railway. The Crows Nest Rates, previously discussed in Chapter 3 under Rail Rationalization, originated through an agreement between the federal government and the CPR in 1897. It was made statutory through inclusion in the Railway Act of 1925, and made applicable to such things as oil seed and traffic to Churchill through orders of the Board of Transport Commissioners (later the Canadian Transport Commission, C.T.C.).

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<sup>4</sup>The Canadian Farm Loans Board changed to the Farm Credit Corporation (FCC) in 1959.

The CPR agreed to reduce the rates of grain hauled from the Prairies to the lakehead and commodities hauled from the east to the west, in return for a cash grant to build a line through the Crow's Nest Pass from Lethbridge to Nelson. In 1925, the lower rates on westbound commodities was discontinued.

The Crow rates covered the costs of moving grain until the 1950's. Since then inflation has lowered the value of the fixed rates and elevated the Crow rate to one of the most contentious agricultural issues. Formerly, it was widely believed that the CPR was adequately compensated for the grain movement, with its high volume and low priority, particularly given the generous land grants afforded in the National Policy, as described in Chapter 1 in Western Expansion. Presently however, it is generally acknowledged that the Crow rate does not cover the cost of moving Prairie grain. Deteriorating rail lines restrict grain movement and therefore, export despite subsidies and reconstruction grants to railways (Canada West Foundation Special Task Force Report, 1990, p.205).

- Feed Freight Assistance and Feed Grain Policy

From 1941 to 1976, federal government assistance was given for the transportation of Prairie feed grains to central Canada and B.C. The initial purpose of the policy was to expand livestock production to meet Britain's war time demands. The subsidy to

Quebec and Ontario was essentially eliminated in 1976. The conflicting interests of the four groups, the grain and livestock producers in central and western Canada, required a series of policies centring on transportation and marketing in order to reach acceptable compromises (Canada West Foundation Special Task Force Report, 1990, p. 240).

- Marketing and Market Organization

Agriculture marketing policy has been directed at product improvement and standardization. Regulations provide reasonable assurance of fair and honest dealings in a free market.

Concern of farmers over the lack of power in the market place peaked during the 1930's. By the end of the Depression, the government approach to marketing had changed. World War 2 delayed general marketing legislation, but by 1949 the Federal Agricultural Marketing Act was passed, thereby allowing for the creation of marketing boards under the constitution.

The Canadian Wheat Board, a federal government agency, was re-established in 1935 to market grains and from 1948 to 1979, oats and barley. The board indirectly controls production through controls on deliveries. Permit Books are issued to producers and delivery quotas based on acreage. The board controls the movement of grain to ports according to sales requirements. It controls

grain deliveries at primary elevators, completes "handling" agreements with elevator companies and allocates rail cars to companies.

Oil seed (rape, canola, flax, mustard and sunflower) and special crops (buckwheat, peas, lentils and rye) are not subject to board control. The board does however control transport facilities and elevator space and therefore, has influence over commodities that use elevator and rail systems (Canada West Foundation Special Task Force Report, 1990, p.243).

- Insurance and Income Support Programs

Farm income levels vary in accordance to the wild fluctuations in both yields and prices of grain and the near predictable cyclical trend of livestock production and prices. The dire crop failures of the 1920's and 1930's were met with minimal relief.

The Prairie Farm Assistance Act of 1939, was the predecessor of crop insurance. The Crop Insurance Act of 1959, enabled the federal government to pay 50% of premiums in participating provinces and provide re-insurance against major disasters.

The Western Grain Stabilization Act of 1976 provided for a comprehensive income support and insurance scheme. Producers who choose to participate pay 2% of their revenue from sales of wheat,

oats, barley, rye, flax, rape, canola and mustard to a set maximum. Levies are deducted by the grain purchaser and administered by the Canadian Grain Commission.

The federal government pays \$2.00 for every \$1.00 and covers the cost of administration. When net cash returns of grain covered fall below the average of previous five years, the amount under is payed out. Each participant receives an amount in proportion to his/her contribution. The Agricultural Prices Support Act of 1944 and Agriculture Stabilization Act of 1958 covered other commodities (Canada West Foundation Special Task Force Report, 1990, p.252).

- Federal Fiscal Policy

Federal tariff and trade policies and Canadian dollar value combine to directly impact the short term interests and the consumer in opposing ways. Tariffs and other restrictions on produce entering the country tend to raise prices while deflated currency assists in exports, but tends to increase prices of both domestic and imported produce.

Within the agricultural sector itself, producer interests differ. Grain producers who rely on the export market benefit from liberalized trade policies. Livestock, fruit and vegetable producers are vulnerable to imports under those conditions.



Tariffs on farm machinery and most equipment were removed in 1944. Regulations of income and capital gains taxes are increasingly important in capital intensive farming. Farmland can be rolled over to a heir without capital gains taxes and the allowance of write off and losses against other income facilitates investment in farmland as do high inflation rates (Canada West Foundation Special Task Force Report, 1990, p.256).

The rationalization of Canada's agricultural system was promoted and facilitated by government policy. This in turn facilitated the rationalization of the entire rural order. In 1969, the government report, "Canadian Agriculture in the Seventies", identified the surplus of agriculture and the low income level of farmers to be justification for encouraging the reduction of farm population by 2/3 by 1990 (Ross, 1984, p.14) Table 9 below illustrates the actual reduction of farm population.

TABLE 9 % OF POPULATION CLASSIFIED AS FARM POPULATION		
Year	Canada	Prairies
1969	9	21
1981	4	11

Source: Ross, L., Prairie Lives - The Changing Face of Farming

Other government documents, such as the 1981 "Challenge for Growth" encouraged fewer and more specialized and capital intensive farms on the basis that production must increase to meet export demands. Small operations were, in the government's opinion, not viable. This view was

shaken by the 1984 Farm Credit Corporation survey which indicated that 16% of the Prairie producers that are in financial trouble are also the most productive (Ross, 1984, p.14).

The various individual government policies supported or influenced the change in the rural community in some way. Research and extension, as well as individual programs enabled increased agricultural production through improved technology and farm practices. Farm credit facilitated mechanization, chemical intensification and ultimately, consolidation. The process reduced the number of community supporters by altering the population density and pattern.

The rail system and rate structure still holds the west captive to central Canada. Marketing boards regulate elevator space and rail use by issuing quotas and federal trade policies determine trade levels and patterns. All combine to influence agricultural prosperity, which in turn affects each farmer and through that each agricultural service community. Stabilization programs alleviate farm income fluctuations and therefore, the variability in the amount of money circulating in the local community.

#### Rural Development Policies

- The Prairie Farm Rehabilitation Act of 1935 (PFRA)

It was not until the near collapse of the national policy during

the depression that the federal government intervened with the Prairie Farm Rehabilitation Act. The initial purpose of the program was assistance and guidance of the extremely variable water supply in western Canada.

As grain prices fell after 1929, farmers attempted to compensate for the decline in per unit price by increasing production. Intensive farming practices damaged the land under the drought conditions. Federal financial assistance was provided to support dam and dugout construction or to provide water for farm irrigation, stock or domestic use.

In 1937, the program was expanded by amendment to include resettlement of farmers, guidance and financial assistance towards new land utilization. Both financial and engineering skill was available for projects of varying scale, including those of the individual farmer, the catchment-wide reservoir and the community wide irrigation projects. Public expenditure in this program expanded considerably after 1945 and resulted in major irrigation projects that benefited regions as a whole.

- The Agricultural Rehabilitation and Development Act, 1961 (ARDA)

This program was designed to help depressed areas. It was to complement PFRA and extend a wide array of rural development initiatives to other parts of Canada. Basically, three types of

projects emerged through agreements between the provincial and federal authorities as listed below.

- . Alternative uses of lands that are marginal or of low productivity;
- . development of income and employment opportunities in rural agricultural areas; and
- . development and conservation of Canadian soil and water resources.

The Agriculture and Rural Development Act, 1966 (ARDA)

The 1966 agreement recognized the problem to be fundamentally rural, rather than implicitly agricultural in nature and was renamed "The Agriculture and Rural Development Act". Funds were available to farmers desiring to establish themselves in non-farm occupations. Rural Development Areas (RDA) were recognized as distinct from Special Rural Development Areas (SRDA). The latter encompassed physical, economic and social studies and preparation of comprehensive plans with local resident input. The end result was a number of major federal and provincial government projects, generally education, training and the provision of employment in non-primary occupations, that drew partial financing from the Fund for Rural Economic Development (FRED). FRED was part of the amendment introduced to ARDA in 1966.

- Area Development Act, 1963 (ADA)

The ADA program had provided a limited duration exemption from federal and provincial taxes to those industries willing to locate in designated areas of limited size and with high rates of unemployment. The Act was amended in 1965 to provide incentives in either of two forms. The first was a tax holiday and the second, a capital grant of up to 20 percent of approved cost of the plant, with a maximum of \$6 million.

Area Development Incentives Act, 1965 (ADIA)

Passage of this act increased the number of designated areas from 38 to 81 areas scattered across the country. Areas in need were identified by unemployment and underemployment statistics. Capital grants were used to cover initial manufacturing investment costs.

- Government Organization Act, 1969

The Government Organization Act created the Regional Development Incentives Act and the Department of Regional Economic Expansion.

- The Regional Development Incentives Act, 1969 (RDIA)

RDIA was designed to coordinate various activities and ensure that

those areas suffering from slow growth were given the opportunity for economic expansion. RDIA differed from ADA in that direct monetary assistance to companies was altered to include a secondary development incentive directly related to the number of jobs created and the capital cost involved. The formula was intended to facilitate capital intensive and labour-intensive industries. The goal of balancing job opportunity with capital-intensive industry was to prevent the preclusion of this type of industry from locating in designated regions. Assistance was directed toward urban growth centres.

. Department of Regional Economic Expansion, 1969 (DREE)

DREE absorbed FRED, ARDA and other programs. The intent was to better remedy area disparity through the dispersal of economic growth opportunities in areas of slow growth across the nation. Emphasis, rather than being placed on provincial-federal identification of degraded and depressed regions, was placed upon growth regions and the conditions necessary to stimulate growth.

Financial assistance extended beyond farm, natural resource or degraded rural areas and low income people to include industry and the growth centres of SRDA. Small and medium sized towns therefore, benefited from such arrangements. The advisory council, the Canadian Council on Rural Development (CCRD) was abolished in 1979, leaving the federal government without a

representative of the rural constituency.

- General Development Agreements, 1970's (GDA)

These agreements between the federal and provincial governments targeted key sectors of the rural economy such as agriculture and focused on certain areas such as mid-north of Western Canada and Cape Breton Island. They were replaced by Economic Regional Development Agreements (ERDA).

#### Manitoba Provincial Policy

At the provincial level, rural development policy involves cabinet directly. Advice is provided to cabinet through departments with that responsibility or through key coordinating agencies. Methods of implementation resemble those of the federal government.

Provincial governments focused on maximizing agricultural production levels through agricultural extension, weed, pest and disease control and diversifying agriculture. The latter was motivated by the desire to reduce income fluctuations, but has developed into the goal of intensifying agricultural production. Provinces pursued their own resource development programs (Canada West Foundation Special Task Force, 1980, p.189).

The general approaches taken by the various political parties in power

are listed on the following pages.

- The Liberal government of 1948 - 1958 preferred a passive approach rather than active government intervention with respect to the economy. Regional economic development was summarized as a need for low agriculture and industry costs in order for them to be competitive. Farmers required little from the provincial government beyond rural electrification, improved roads and low taxes (Canadian Plains Research Centre, 1990, p.26).

The fiscal regime was cautious and prudent for fear of another depression. The mandate satisfied the rural electorate, but was not representative of the changing demographic composition. In 1949, 30% of employed Manitobans were independent proprietors of small business employers. By 1958, it had fallen to less than 20%. Between 1941 and 1950 Manitoba lost 1/4 of its farmers. Due to increased mechanization and ample off-farm opportunities, 30,000 Manitobans left their rural roots and moved into cities and towns. By the end of the decade, Winnipeg accounted for over 1/2 of the provincial population" (Canadian Plains Research Centre, 1990, p.27).

- The Progressive - Conservative government 1958 - 1969 replaced Liberal inaction with action. Government expenditure almost tripled between 1958 and 1965, and Manitoba became a "welfare state, a catalyst and promoter of economic growth." "Modernization



of Manitoba could not be left to the natural play of economic forces" (Canadian Plains Research Centre, 1990, p.29).

Two research efforts with the mandate to provide direction for economic growth were commissioned. The first report in 1961, by the Committee on Manitoba's Economic Future (COMEF), recognized the inherent benefits of the consolidation process in rural communities to be more economic and better functioning units. Community growth and decline were to be controlled and guided through the improvement of community facilities and through regional approaches to rural planning and industrial development. While community residents were given responsibility for their communities, the Department of Industry and Commerce was given the responsibility of stimulating and directing economic development efforts in Manitoba. The approach exacerbated the decline of those communities of the lowest order that were not targeted for economic development.

The second report in 1968, Targets for Economic Development (TED), concentrated upon regional development. It identified specific regional conditions such as income disparity, out-migration, metropolitization, agricultural dependence, retail structure and the slow adjustment to change. Provincial policy during the 1958 - 1969 period focused on industrial expansion through government investment, incentives and loans. The Manitoba Development Fund was established to assist new or expanding small

businesses until 1966, when emphasis changed to industries. The economy was stable throughout the conservative period, but economic growth as compared to other provinces was lacking.

- The New Democratic Party (NDP) came to power in 1969, and changed economic and social policies to a more socialist nature. The goal remained economic growth, but only if it contributed to the general well-being of society. The NDP government implemented the most progressive tax and social reforms in pursuit of equity and maintained a rural orientation.

Guidelines for the 1970's<sup>5</sup> are listed below.

- . maximization of the general well-being of Manitobans;
  - . greater equality of the human condition;
  - . creation of opportunity for people in the rural area through the Stay Option<sup>6</sup> and;
  - . increased public participation in government process.
- The Conservative government switched provincial policy in 1977 to a "hands off free enterprise" approach. The small agricultural service community was left to compete unassisted for its place among the economic and settlement network. Private industry and

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<sup>5</sup>The NDP 'Guidelines for the Seventies' adopted much of the contents of the TED report.

<sup>6</sup>The Stay Option programs were advocated in TED.

business were to take initiative in economic development, with the province providing assistance through incentives and research. The government gradually dissolved the holdings of the Manitoba Development Corporation. "Acute, proactive restraint" reduced the budgetary requirement<sup>7</sup>, but occurred at the onset of the worst global depression since the 1930's.

- The NDP government returned to office in the middle of the depression. The government protected the social services built up by the Progressives and the former NDP government, but increased expenditure. The fiscal position was further aggravated by a reduction of federal transfer payments. The province required increased taxes and/or deficits. Agricultural production continued to decline in this period. The comparatively strong economic performance in general in Manitoba in the 1980's resulted from provincial government stimulation. Considerable public investment spurred private investment. The NDP government only slowed the restructuring process in the rural areas by artificially stimulating its economy.
- The current Conservative government has invited residents of rural communities to invest in their community's future through Manitoba "Grow Bonds".

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<sup>7</sup>*Budgetary requirement refers to the combined annual deficit on current and capital costs.*

Federal and provincial rural development policies followed the growth pole strategy, since economic and social growth was largely viewed as spreading out from urban centres. Emphasis was placed on economic criteria. This largely encouraged the process of rationalization on the Prairies, although some did offer relief to small communities.

Emphasis was placed on economic criteria. This resulted in the majority of programs encouraging industry to locate in central places and contributed to the problems of smaller communities. The intent of large industries was to extract money from the host community, rather than increase their well-being. Public programs which benefited local entrepreneurs were scarce.

PFRA and ARDA assisted communities by improving the area's prosperity through the promotion of healthy agricultural practices and employment in the rural area. Assistance to small communities included assistance to small businesses, government grants and currently, encouragement for communities to invest in themselves and take initiative.

In contrast, other policies assisted farmers in seeking non-farm employment and industries to locate in the rural area. This helped those communities large enough to provide jobs and infrastructure to grow. Those communities too small to merit substantial business sections and water and sewer services did not benefit from such policies. The disparity between communities increased as governments identified and assisted growth regions.

## Summary of Government Policy and Direction

In Canada, the principle of laissez-faire and privatism have limited government intervention. Governments interfere when the market structure is threatened as in the depression era, when the dispersal of power is thwarted or when public pressure demands political action. Basically, the function of the legal system is equity and justice, as well as to regulate and protect existing values.

The spatial organization of settlement was created by the industrial economy. Post-war population growth and urban concentration aggravated rural decline and by 1921 the urban population of the nation was greater than the rural population. Frontier days had come to an end. The decline of the rural order and resulting distress was only recognized once the decline was well-advanced. Establishment of the PFRA during the depression marked the first intervention into rural development by the federal government.

Post-war population growth and urban concentration aggravated rural decline. Actually, the rationalization of Canada's agricultural system was promoted and facilitated by government policy. This in turn, facilitated the decline of the entire rural order.

Recognition of rural problems resulted in post-war rural policies that were directed toward the reduction of poverty and regional disparity. The symptoms of rural distress were addressed, rather than the causes.

By the late 1960's and into the 1970's policy and planning became urban oriented and industrial expansion became the solution to rural decline. Limited application of growth pole strategies led to the continuation of the trend of polarized growth and resulted in the concentration of population and wealth in a few regions and economic and social despair in many others.

The lack of priority given to rural development is a reflection of its considered importance within the national framework. The major flaw in rural policies was the blanket approach. Canada is composed of very different regions, each with particular strengths and weaknesses. An appropriate solution in one region may not be appropriate in another. The lack of clearly defined goals resulted in a mix of conflicting sectoral programs.

The design and implementation of effective rural policies requires the definition of goals and the integration of spatial planning with economic and social planning. Canada's adherence to the tradition of privatism and faith in the regulatory abilities of the "invisible hand of the free market" explain why both urban and rural planning are reactive and regulatory. There is a growing awareness however, of the problems created by market driven growth and decline and the probable escalation of those problems in the absence of guiding and regulatory policies.

The desired distribution of population, employment and welfare services

may be achieved through directing the size and spatial organization of urban settlements and transportation links. Stagnation or decline of regions may be ameliorated in either of two ways. The first, encourages out-migration. The second, involves the key elements of dispersal or containment of economic growth. The combination of the two key elements is termed "concentrated decentralization." This reduces inter-regional migration, uses existing labour and assists in the creation of regional equality.

The next chapter describes planning approaches taken by countries that have accepted the necessity of planning intervention, as well as one other that has not.

## CHAPTER 5

### COMPARISON COUNTRIES

Canadian rural development and method of management may be compared to that of foreign countries, specifically four Western European countries within the European Economic Community and the United States. All are highly industrialized countries that have adjusted and adapted to change in varying degrees and manner, and with varying success rates. Despite obvious differences, the same basic economic and social trends are apparent in all countries.

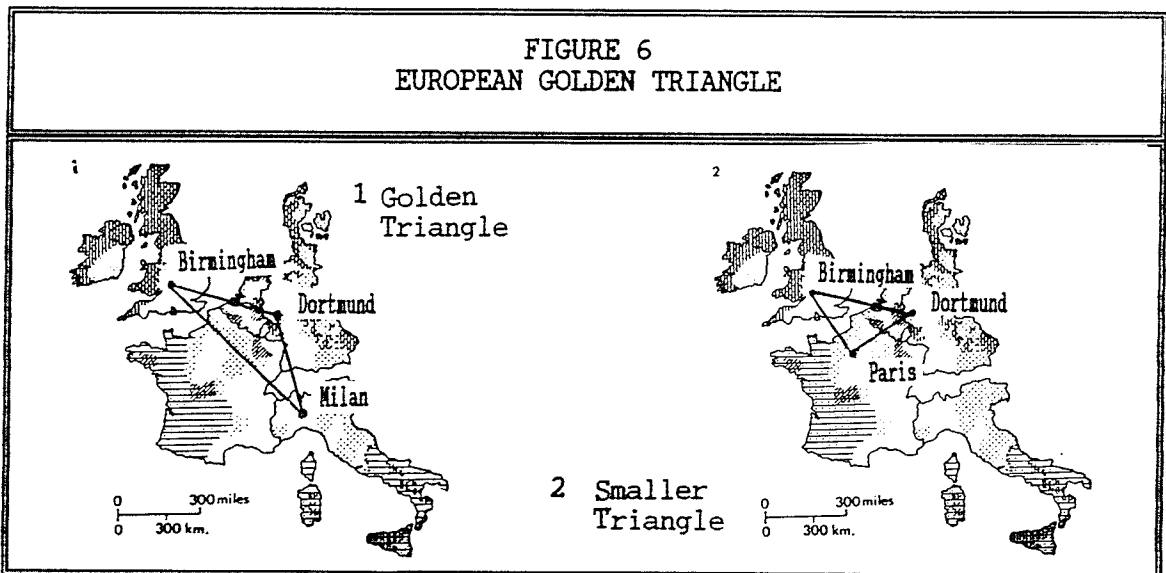
#### Continental Western Europe

Even with strongly protectionist agricultural policies, the continental Western European countries have been experiencing rural (farm) depopulation since 1945. The traditional system of peasant farming does not satisfy the demand for higher standards of living. Farm workers from poor farming regions, particularly southern Italy, migrate to the major industrialized areas of Europe. The trends have created a geography of stagnation and growth.

The major agglomerations are located centrally within the European



Community in the 'Golden Triangle'. The triangle is defined by corners at Birmingham, Dortmund and Milan, or still further, in a smaller triangle with corners at Paris, Birmingham and Dortmund. Major problem areas are located outside this European heartland, primarily along the periphery: most of northern England, all of Scotland, most of Wales, Ireland; the northeastern Netherlands; much of the eastern districts of former West Germany, Southern Italy, or "Mezzogiorno", south of Rome and finally, almost all of southern and western France. Figure 6 below illustrates the "Golden Triangle".



Source: Hall, P., *Urban and Regional Planning*, 1985, p.202.

Manufacturing and tertiary industries require large markets and large, skilled labour forces. Growth centres and governmental centres are located along historic trade routes. The area of prominence concentrates in a relatively small zone of northern France, the Netherlands, Western Germany and southeast England. The route follows the Rhine and crosses

the Alps to northern Italy, just as it did in the Middle Ages. The pattern is reinforced by the European Economic Community and the resultant growth among member nations.

Rural areas stagnate as the depopulation trend continues. Their ability to support modern services is minimized by an aging population. In contrast, cities expand and cope with housing shortages, traffic congestion, rising land prices, insufficient public services, land, water and air pollution and increased commuter distance to work. The problems may be similar in industrialized countries, but the solutions differ in spite of the Rome Treaty and the subsequent coordination of regional policies. Administrative tradition and political principles have remained strong in the postwar period (Hall, 1985, p.230-231).

#### France

France is perhaps, the most centralized nation state in the industrialized world. This format has produced an extreme centre-periphery contrast and created severe national and regional planning problems.

Population increased dramatically after World War 2 and concentrated in northern and eastern France, especially in Paris. The centralist tradition caused economic and social aspects to be dominated by Paris. In 1946, France attempted to develop an economic planning system based

upon public-private ownership of resources. Geographic distribution of investment or economic activity was not a concern.

By the mid 1950's geographic disparity became an issue and programs were directed toward regional development. Regional responsibilities were assigned to the central plan agency and government approval was required for factory building or reconstruction. This served to reduce the proportion of new industrial building in Paris.

In 1960, a plan was proposed which would stop further physical growth of Paris. Emphasis was then placed upon the integration of regional and national planning. France was divided into 21 economic planning regions. The central and regional governments prepared regional sections of the national plan.

In 1966, eight major metropolitan areas were identified and targeted as centres of economic development for each region. The intent was the creation of counter growth poles and extension of economic advantage. Each region however, contained large, sparsely populated rural areas beyond the urban centre's sphere of influence. Consequently, stagnation and decline remain in these areas (Hall, 1985, p.208).

#### Germany

Population in Germany is concentrated in a number of major urban agglomerations which are located in two parallel north-south axes having

lesser east-west linkages. The urban areas are smaller than Paris, with minimal congestion and service overload. The decentralized pattern of urban growth has not eliminated regional disparity.

In the federal republic of Germany, constituent states with variable area and population, assume responsibility for basic administration. Municipalities have considerable financial autonomy and therefore, power to influence the implementation of policy. Unfortunately, administrative boundaries do not correlate with economic reality.

Rural areas remain outside the sphere of influence. Despite efforts to maintain agriculture, the rural population decreased by approximately 50% between 1950 and 1970. By 1970, three types of areas needing assistance were identified. The areas and the type of assistance given are listed below.

- . Development areas, characterized by lack of natural resource wealth and weak infrastructure, were assisted by agricultural reform, as well as tourism and industrial development;
- . development centres, selected according to their position within the settlement hierarchy and level of local investment, were assisted by infrastructure improvement and construction, and financial incentives to private investment such as industry;
- . the frontier zones, or rural areas outside the urban area's sphere of influence, received special tax benefits and special federal contracts; and

- . special areas or peripheral areas, were assisted under specific schemes.

Development centres resemble the growth centres of France, but function much differently. Germany's eighty-one development centres were small, market towns located in or near development areas, rather than main regional cities as in France. The program proved to be quite successful (Hall, 1985, p.220).

## Italy

Post WW2 Italy is characterized by extreme regional disparity. The north prospers from a vibrant industrial economy, while the south declines from a stagnant agricultural economy.

Southern Italy, the "Kingdom of Naples", remained feudal until unification in 1860. Thereafter, protectionism maintained inefficient agriculture in the south and allowed industrial growth in the north. Population migration from the south to the north accelerated industrial growth. The south lacked natural resources such as coal or hydro electric power, and failed to prosper with economies of scale and inter-industrial linkages. The mountainous and arid soil limited agricultural production and the former restricted communication improvements.

In 1950, investment in agricultural improvement and transportation served to facilitate land reform. Traditional large estates were

divided and distributed among peasants. Emphasis later shifted to industrial development through industrial credits at low rates, subsidies for industrial investment, tax concessions and equity shares in private firms. Industrial growth was not controlled beyond the stipulation that a fixed share of public investment be in the south. Subsidies promoted capital intensive industry rather than labour intensive industries. Infrastructure construction and improvement demands in the north drew funds and further population from the south which resulted in increased problems of congestion. The agriculture sector in the south continued to stagnate under surplus farm labour, low incomes, inadequate equipment and poor land.

The public provision of infrastructure and capital intensive state corporation investment did not promote regional development in the south. Incentive programs to attract industry to depressed areas failed with the absence of negative controls in the north. Italy did not establish counter-magnets in the south or coordinate private and public industrial investment as per the France model (Hall, 1985, p.223).

#### The Netherlands

The Netherlands is situated in the centre of the Golden Triangle. Urban concentration is greater than in either Britain or France. The Randstad or Ring City is one of the most important urban regions in Europe due to its geographic and economic prominence. Three cities are incorporated and separated by a green zone. The undeveloped centre of the ring is

known as the "green heart". The cities and specific function of each are listed below.

- . Amsterdam - finance, retailing, tourism and culture;
- . Rotterdam - port, wholesale business and heavy industry; and
- . The Hague - government.

The disparity lies between the prosperous Randstad and the outlying regions. Regional development was encouraged through the provision of infrastructure and financial incentives. Negative controls were not applied to the western part of the country where economic growth burgeoned.

Policy then promoted decentralization. The Randstad was directed to expand outward to growth areas along lines of good communication. Projections of increased population dispersal and urban hierarchal problems led to the solution of "concentrated decentralization". The goal was to provide a variety of job opportunities, housing patterns, transportation options and recreation.

The scheme's hierarchy is listed below.

- . Six centres at the upper level;
- . forty, independent centres or suburbs at the next level; and
- . few outer suburb centres for bigger city regions or independent villages or small towns.

The complex 1966 plan weakened under development pressures in the green heart and increased commuterism to the Randstad from outside. Increased energy concerns and environmental awareness led to abandonment of the long distance decentralization plan in 1974-76. The replacement plan reinforced high density inner cities and dispersed population elsewhere. Cities and nearby growth centres were planned as integral city region wholes and protection of the "green heart" was strengthened (Hall, 1985, p.235).

#### United States

The United States suffers from severe regional disparity. Urban regions that specialize in newer, more technically sophisticated manufacturing or service industries contrast with areas based upon declining industries.

After WW2, the United States experienced full employment, but uneven levels of affluence. Rural development was identified as a distinct issue by the Food and Agriculture Act in 1961. In 1972, the Rural Development Act was influenced by the urban riots of the 1960's and the belief in an endless supply of resources. New and expanded loan and grant programs encouraged farmers to pursue non-farm enterprises and industries to locate in rural areas. Financing was provided for infrastructure and multiple family housing and support given for multi-jurisdictional planning.



In 1979, the Small Community and Rural Development Policy acknowledged the increased economic and population growth in the rural areas. The policy focused on rural poverty, health service shortage and lower standards of housing, transportation as well as water and sewer. It also focused on the constraints of small scale and low density, and the hazards of rapid, unplanned growth. The rural population was to actively participate in the planning and implementation process. The Rural Policy Act of 1980 raised rural issues to the same status as urban issues, but contained no new rural development authorizations. Local governments articulated rural issues and worked with the federal government in developing rural strategies. This changed with the Reagan Strategies and the New Federalism. Federal responsibilities were clearly defined and separate from state and local responsibilities. Part or full-time off-farm employment was suggested as the solution to farm problems and the benefits of post-recession recovery were exalted.

Private sector economic growth was to provide increased tax bases and better employment opportunities for both the non-farm and farm population. In effect, the solutions to urban problems became the solutions to rural problems. Rural development policies in the United States have failed to establish clear policy goals. Consequently, policy has been random and sectoral (Hall, 1985, p. 243).

#### Summary of Comparison Countries

Each of the industrialized countries studied experienced three common

problems as listed below.

- . Regional disparity in development;
- . over-population and concentration in metropoli; and
- . rural - urban inequality.

The nature of the market mechanism promotes continued concentration of employment and population. This promotes regional inequality, since employment opportunity and social investment decline in rural areas. Urban concentration creates problems related to transportation congestion, increased commuter distance due to sprawl, pollution and increased servicing demands, as well as other problems. The problems of urban concentration and rural decline therefore, are inter-related, making the solution inter-related.

Regional policies which direct urban growth are well established and accepted as necessary in Western European countries. The growth centre strategy grew out of the realization that economic assistance cannot be widely dispersed throughout the areas in need. Instead, it must be concentrated in few places that will influence the surrounding hinterland.

The complex strategy requires that growth centres have the critical factors listed below.

- . Strong connections and linkages with surrounding area;

- . some existing growth momentum;
- . encouragement for the type of industry that requires a strong service economy; and
- . existing group of industries that have local productive linkages with other industries in the region in order to diffuse growth through region (Yeates and Garner, 1979, p.462).

Technology and communication advance have reduced the locational disadvantage of smaller centres. This is further reduced through commonly used incentives such as interest-free loans, capital grants and tax concessions.

Increasingly, the regulatory abilities of the "invisible hand" of the market are being questioned and criticized. Laissez-faire is touted as being economically efficient. Regional inequalities are adjusted through migration out of lagging regions into prosperous regions thereby levelling income ranges. While the system may be economically efficient, it is not socially efficient. Increasingly, the goal of efficiency is being coupled with the goal of equality and social well-being.

In 1973, Brian Berry described four modes of urban policy as listed below.

- . Ameliorative Problem Solving;
- . Allocative Trend Modifying;

- . Exploitive Opportunity-Seeking and;
- . Normative Growth Oriented.

The first is the most common and simplest. The objective is the reduction of the problems to tolerable levels. The lack of definite goals results in haphazard modifications of future growth. The second involves the projection of existing trends which allow anticipatory modifications to growth in order to avoid problems. The third involves the projections of existing trends in order to take advantage of future opportunities. The last establishes goals and plans are implemented to guide to that end. Currently, Canada follows the first two approaches to urban and rural development policy. Any change in planning approach would require changes in the chosen ideology and a strong commitment to defined goals.

The experience of European countries serve as example to both Canada and the United States. The difficulties encountered or shortcomings made apparent in their policies that can guide the development of growth policies in North America, should the commitment be made to adopt a comprehensive strategy, are summarized below.

- . The selection of only 8 growth poles in a country the size of France proved to be ineffectual for much of the country beyond the sphere of influence of those points.
- . Germany, being a smaller country with a relatively even dispersal

of population, benefited from the selection of 81 growth poles. Virtually every area benefited from the spin-off effects to some degree.

- . Italy attempted to direct industrial growth, but failed to establish counter-magnets in the more depressed south. Consequently, the north attracted the bulk of industry and population continued to concentrate there, leaving the south to decline further.
  
- . The Netherlands promoted decentralization. Growth was directed outward from the Ranstad cities along lines of good communication. This applied pressure on the "Green Heart" and increased commuterism to the Ranstad from the outside. Policy subsequently, changed to reinforce high density inner cities and dispersed population elsewhere.

The lessons to be learned from the Western European examples include the following:

- . the number and location of growth poles should be determined by the scale of the area to be affected, so as not to leave some regions beyond the sphere of influence and without benefit as per the France model;
  
- . the direction of growth in certain areas must be counterbalanced

with restrictions in other areas, so as not to repeat the mistake made in Italy; and

- . the areas targeted for growth must be considered within the overall context in order to anticipate any undesirable spin-off effects such that The Netherlands experienced with development pressures on the "Green Heart" and increased traffic and pollution created by commuter intensification.

The characteristics influencing growth pole strategies on the Prairies include the physical scale of the Prairies and the uneven population dispersal. These characteristics restrict strategies as comprehensive as Germany's. Consequently, the Prairies will continue to rationalize its settlement system at the expense of those centres in the lowest level of the settlement hierarchy which are too remote or dysfunctional. Growth pole strategies cannot be expected to generate growth and prosperity to all communities dotting the Prairies. They can however, be expected to take into consideration all regions including those beyond the sphere of influence. Rural policy must encompass the entire expanse of the Prairies, and assist those communities where decline is imminent, if only through easing the stress of demise.

Part 3 explains the process of urban concentration and rural depopulation common to industrialized countries through an review of planning theory.

PART 3

CONCEPTUAL THEORY AND REALITY

## CHAPTER 6

### CONCEPTUAL THEORY

The Prairies were designed during the industrial era with the goal of maximum economic efficiency. Pursuit of that goal has continued since and has resulted in a restructuring of the original economic and settlement system. The accelerated pace of change has created an extremely stressful environment in the rural areas as farms and communities struggle to adjust.

There is a body of theory explaining the nature and dynamics of the small community and its relationship with the world around it. Presumably, the history of the Prairie communities developed along the lines predicted by theory. As the region, which is populated by small communities, was evolving, governments enacted measures to promote favourable trends and mitigate negative impacts of change. This chapter reviews the theoretical paradigms and assesses the success of government measures.

Chapter 6 is divided into five sections. The first explains spatial distribution of settlements according to the hierarchy of central places as postulated by Walter Christaller and refined to apply to the Canadian experience by John Vance. The second describes the causes and reasons



for structural change and shifting between the hierarchal ranks according to the theories of Allan Pred and Gunnar Myrdal. The last discusses government policy approach and the effects upon the unincorporated Prairie community. This section concludes by offering hope to communities who have been neglected or harmed by government policy by describing an alternative approach to community development.

### Spatial Distribution and Size of Urban Centres

The evolution of the urban system involved significant changes in the spatial distribution and size of centres. The urban hierarchy concept proposes a ranking of centres according to specific criterion. The vertical and spatial dimension combine to create a pyramid. There are fewer larger centres at the top and many smaller centres at the bottom. The more functions a city performs the more complex the economic, social and administrative structure. Each centre acts as the focus of a nodal region. The size of that region increases as the centres position in the hierarchy rises.

Hierarchies are determined according to criterion. The most ubiquitous function of the urban centre involves the distribution and exchange of goods and services. A hierarchal order based upon the market functions of communities is particularly well suited to this thesis, since that is the dominant and in some cases, only function of the Prairie agricultural community. These settlements are known as central places.

## Christaller's Central Place Theory

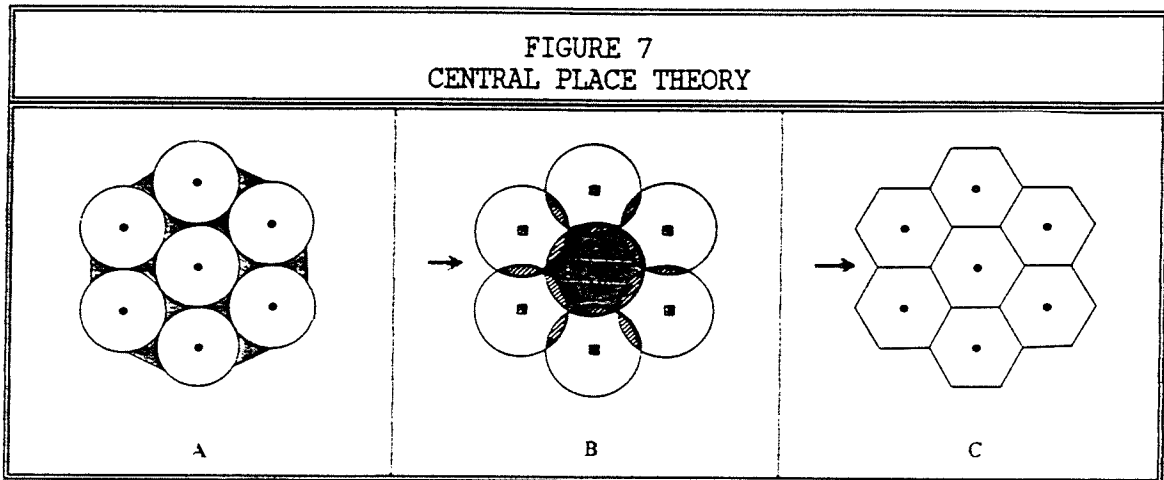
In 1933, German geographer Walter Christaller formalized central place regularities into theoretical abstraction. The Central Place Theory is based on the marketing principle. It postulates that settlement location is a result of competitive centrality. Urban centres have surrounding areas with which they functionally relate through the provision of goods and services.

Central Place Theory eliminates many influences that vary settlement patterns by beginning with a set of assumptions as listed below.

- . Featureless plain;
- . equal freedom of movement in all directions;
- . constant population density;
- . even distribution of income;
- . travel cost proportional to distance; and
- . cost-effective behaviour of population.

Each centre draws support from the surrounding population. People behaving in a cost-effective manner, frequent the nearest centre. As radial distance increases populations may be equidistant from a number of centres. Competition between equidistant centres for the surrounding population creates a land filled with hexagonal service areas. The evolution of that pattern is illustrated in Figure 7 on the following page.

FIGURE 7  
CENTRAL PLACE THEORY



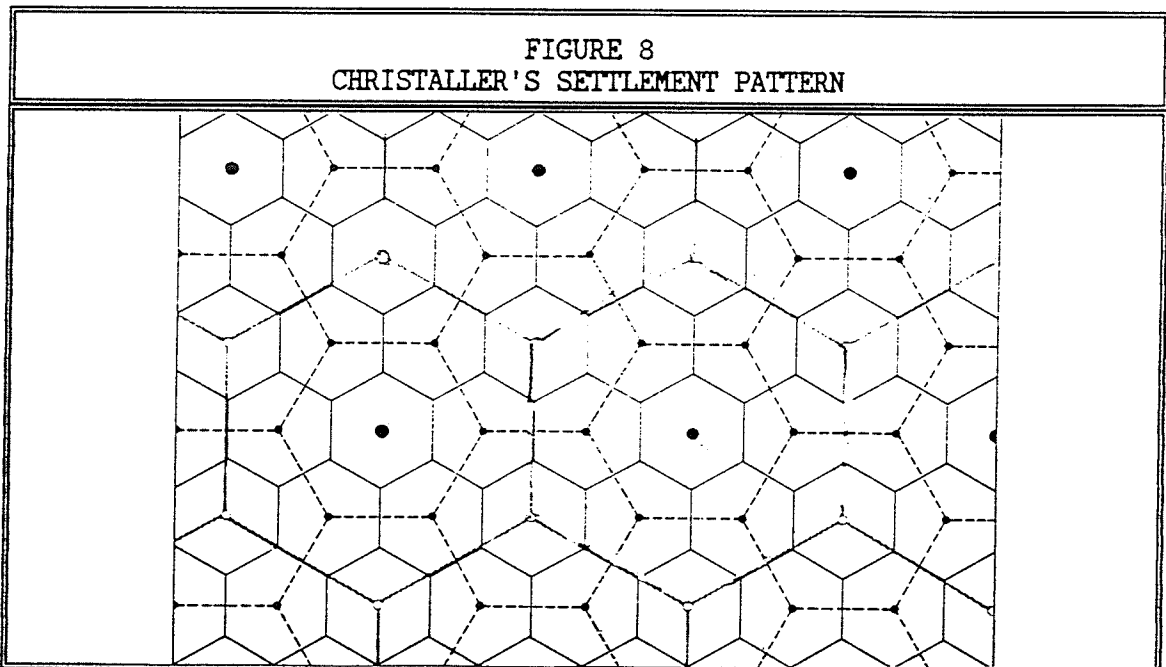
Source: Yeates and Garner, 1980.

The location of goods and services depends upon their threshold value. The threshold refers to the minimum number of people required to support a good or service at a profit, as well as the inner range at which that required customer base is maintained. This establishes the market area. Those goods or services with low threshold value will theoretically locate at all points, whereas those with higher threshold values will locate only at select points. The result is a hierarchy of service centres.

Cost effective travel requires trade areas be circular. Maximum provision of the good or service requires that the trade area equal the inner range. Circular groupings require overlap in order to service all consumers. Those within the overlap patronize the nearest centre and thus, a hexagonal pattern emerges.

Different order goods have different threshold values. Primary centres provide higher and lower order goods. The former requires greater

threshold values. The latter requires lesser thresholds and therefore, new centres emerge midpoint between the original three primary centres to provide the function to those beyond the lower order threshold of the primary centres. Continuation of the argument results in a nested pattern of hexagonal trade areas as illustrated in Figure 8 below.



Source: Yeates and Garner, 1980.

The spatial pattern created consists of equivalent service centres located at equal distances from one another and higher order service centres located further from one another. The latter is required since they are fewer in number and require larger trade areas. The hierarchy continues with each centre being a tributary to a larger centre up to the highest order centre.

Criticisms of the theory involve the extremely theoretical and static

nature of the hexagonal distribution and hierarchal order of central places. Reality prevents the necessary environmental, social, physical and behavioral assumptions from being fulfilled.

Christaller recognized the limitations of his own theory to be as follows:

The strict mathematical scheme developed previously is imperfect in some respects; it is even incorrect in its strictness. The scheme should approximate reality; therefore we must study the factors which bring about considerable change. These factors are no other than those already discussed in detail: the distribution and the density of population (both of which vary regularly according to the topography), the industrial location, etc. All these cause an expansion here and a contraction there in the complementary region; that is, they cause variations in the types of systems of central places...The transportation conditions and the fact that a region is a long or recently settled one play their roles. (Greer-Wooten, 1976, p. 30).

While Christaller also recognized the potential influences introduced through changes in production, he failed to anticipate the effects adjustment to political boundaries through the creation of metropolitan regions.

#### Mercantile Model

In 1970, John Vance criticized the Central Place Theory as being applicable to the closed society of Europe and not to the open and dynamic society of Canada. In reaction, he developed the Mercantile Model. This model differed from the former as illustrated on the following page in Table 9.

TABLE 9 CENTRAL PLACE THEORY VERSUS MERCANTILE MODEL		
	Central Place Theory	Mercantile Model
System	closed	open
Nature	static	dynamic
Approach	bottom up	top down

Vance argued that the North American settlement system was influenced by outside forces and was highly dynamic. According to the model, the basic structure was introduced to North America by Europeans as a result of economic forces. The draw of natural staples including fish, fur and timber led to the development of a port. This served as a point of attachment between the new continent and the old. Increased demand led to increased production and penetration into the interior.

Depots of staple collection were established along transportation corridors, which at that time were primarily rivers and lakes. As population rose due to labour requirements the number and size of settlements increased. Surplus agricultural production created a fourth export staple. Expansion of the agricultural sector intensified settlement and westward penetration. Farm production travelled from depots to the point of attachment and onto their European market by water. The mother country continued to supply manufactured goods.

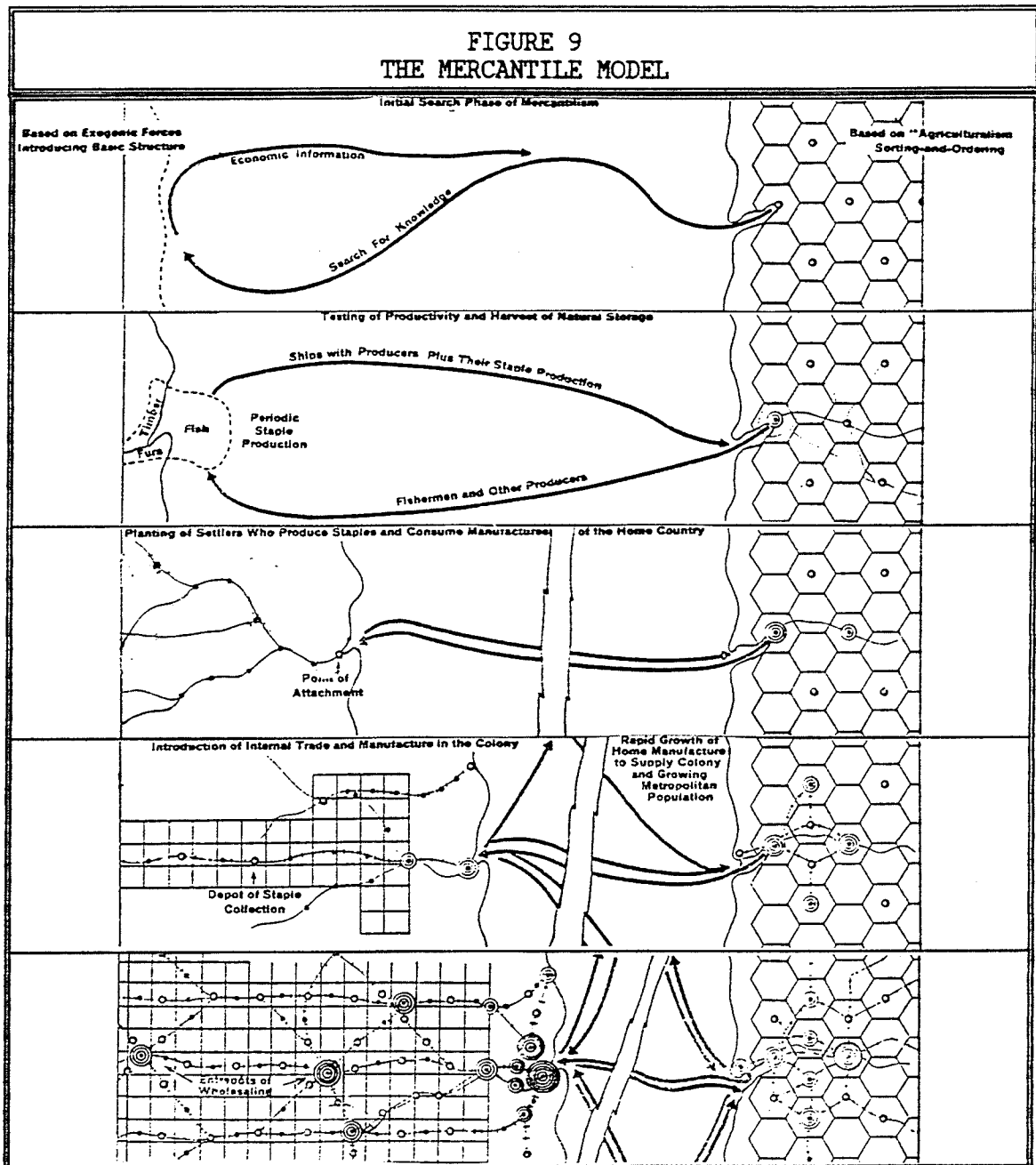
European manufacturing increased and supplied both home metropolitan and colonial demands. The introduction of manufacturing in North America encouraged internal trade. As both developed, points of attachment and

internal settlement multiplied. Population densities increased and depots grew as entrepots of wholesaling. Their purpose included the collection and dispersal of production and goods. Railways provided overland linkage and allowed settlement to spread beyond the water courses.

Economic maturity was reached at the point of manufacturing and political independence. Internal trade, rather than foreign trade, dominated. This transformation created an infilling situation between the entrepots of wholesaling. Small rural settlements were established to serve the local markets of the increasingly settled area.

Vance's model, as illustrated in Figure 9, explains the development process which parallels that of Canada. The resulting settlement structure, as described in Chapter 1 and 2, is a hierarchy of places united by transportation links. Assuming the Central Place Theory is valid, the hierarchy of settlements function as a whole. Whereas Christaller created a static hierarchy of places, Vance created a hierarchy which evolved over time. The market function fundamental to both theories, compel inter-relationships between competing places to lead to growth or decline of trade areas. The centralization tendency inherent in the free flow of the market force promotes the growth of larger centres and stagnation or decline of smaller centres.

FIGURE 9  
THE MERCANTILE MODEL



Source: Vance, 1970.

### Changes in Spatial Distribution and Urban Size

The centralization tendency inherent in the settlement structure may be



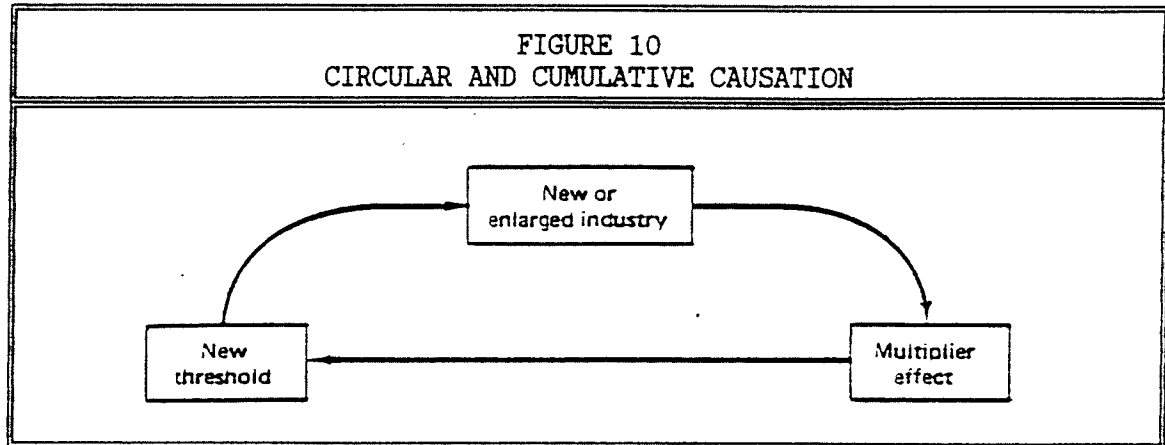
further explained according to principles of urban growth. In 1966, Allan Pred described four principles of urban growth as listed below.

- . Economies of scale;
- . threshold or hierarchy;
- . inertial advantage; and
- . circular and cumulative causation (Yeates and Garner, 1980, p. 239).

During the period of early development, centres were in competition with each other to attract the railway, elevators and businesses. Success largely depended on the effectiveness of local boosterism and also on the settlement location in relation to the rail routes and larger, established centres. The initial advantage led to industrial establishment and larger trade areas. As thresholds expanded and overlapped into neighbouring thresholds competition intensified.

The economies of scale allowed mass production at lower unit prices. Established and successful industry in communities with appropriate and attractive infrastructure and amenities attracted more industry. Inertial forces drew and continue to draw further development and create a chain of circular and cumulative causation. A general causal chain based upon Pred's theory and illustrated in Figure 10 on the following page, is derived from Swedish social scientist, Gunnar Myrdal's principle of circular and cumulative causation.

FIGURE 10  
CIRCULAR AND CUMULATIVE CAUSATION



Source: Cadwallader, 1970.

Myrdal recognized the "tendency inherent in the free-play of market forces to create regional inequalities" (Gore, 1982, p.36). The key to this argument lies in his principle of circular and cumulative causation. Myrdal suggested that "a change in some variable in a social system does not induce countervailing changes which move the system back to equilibrium but instead induces supporting changes which move the system further away from the initial state" (Gore, 1982, p. 32). Growth therefore, tends to breed more growth.

On the Prairies, settlement initially consisted of small settlements established approximately eight miles apart at elevator sites. Larger centres were found at divisional points, approximately 110-130 miles apart. Branch lines joined at these major terminals, water was available for cooling steam engines and crews could be changed. Eventually, some widely spaced centres grew into "farm cities" and subordinated the small communities. The relationship between the farm cities and the outlying areas are "primarily economic of a consumer

type, buying and selling and not concerned directly with the basic rural production" (Kneen, 1990, p.56).

The growth and success of one centre impacted the competing neighbouring centres and in effect fed on them by pulling population and business from them. Small, unincorporated communities that did not match the success of their neighbour weaken as the threshold of the growing centres consumes their own. A small, unincorporated community that starts to decline therefore, declines further.

#### Government Intervention into Prairie Development

Governments have historically intervened in the competitive process through various means of artificial stimulation. In Canada, the extent of intervention has been minimal due to a strong faith that the regulatory abilities of a market economy were in the best interests of the nation. The desire of Canadians for a free market and free enterprise system may be traced to their desire to abandon the oppressive rule or regimented class structure of their homelands.

Dire conditions and growing disparity among centres and regions as a whole prompted interest groups to demand government action. As stated previously in Chapter 4, the first such intervention on the Prairies occurred only after the entire national east-west trade system threatened to collapse during the depression.

The Canadian government still maintains a largely laissez-faire approach, although policies and programs both facilitated and slowed the process of economic rationalization characteristic of a market economy. While still supporting the powerful forces of a competitive, market-driven industrial economy and the restructuring process borne of it, social pressures demanded government action to alleviate the stress experienced by centres and regions in decline.

Provincial governments attempted to address the concerns through implementing conventional economic practices. Conventional economic development practices are based on the export base model. The model divides the local economy into the export sector (basic industries) and the residentiary sector (non-basic industries). Economic development therefore, depends upon non-local demand for export products.

Fluctuations in demand trigger fluctuations in the levels of output, income and employment of the export sector. This in turn affects the rest of the local economy as a result of the multiplier effect.

External demand for export products determines the growth and prosperity of the local economy. External demand however, is beyond the control of the local economy. Development strategies therefore, centre on expanding the existing export base and developing new export activities (Nasewich, 1989, p.68).

The goals of conventional economic development is growth in terms of more jobs, increased production and greater income. Consequently, strategies focus primarily on the expansion of existing industry and

industrial attraction and promotion from outside the local community through initiatives such as infrastructure improvements, real estate development and downtown revitalization. External promotion, industrial parks and tax incentives are the most common form of economic development (Nasewich, 1989, p.69).

The conventional economic development practices targeted growth poles which were invariably communities which were already in more favourable levels of the urban hierarchy. Communities of the lowest order, which lack any essential features of attraction did not directly benefit and seldom indirectly benefited from such development practices. Rather, disparity among communities increased as targeted communities which were artificially stimulated contributed to the weakening of smaller communities. Smaller, unincorporated agricultural service communities can only accept government grants and loans to upgrade the social infrastructure. This solution is cosmetic and fails to address the root cause of decline. Buildings may receive new vinyl siding, but that does not increase the number of supporters and help maintain the 'new look'.

Small agricultural service communities largely reflect the predictions of theory (decline), although there are some imponderables. Some communities tend to defy their predicted destiny. The reason would appear to be a blatant refusal to follow the norm. Just as municipal boosterism was responsible for community growth in the early development stage, so too does it seem to be responsible for community survival in this period of adjustment.

It is increasingly being recognized that the future of most communities lies in the hands of their residents. The fact that the majority of rural residents want to continue to live in rural areas suggest an underlying commitment upon which rural development initiatives can build. In more recent years, government emphasis has shifted from external government financial influxes and manipulation of economic growth to personal and community involvement for positive change.

The growing recognition of a gradual changing of industrial society offers hope and incentive to small communities. The paradigm shift has spawned an approach to community development, know as Community Economic Development (CED). This approach is "a collection of grass-roots movements, localized initiatives and economic organization, structures and practices" which grew in response to the negative conditions emerging in conventional industrial society (Nasewich, 1989, p.4).

CED initiatives were born out of a need to address the severity of social and economic crises and the inability of conventional economic development and the supporting public and private sectors to deal with them. The root ideology is evident in precursors such as credit unions, wheat pools and cooperatives (Nasewich, 1989, p.4).

"The top-down approach of government plunking an industry into a rural community has had limited success" (Rural Reporter, 1990, p.12). Local development must start with local people, as opposed to large industries coming from outside. The former approach is limited however, by a lack

of venture capital. The current provincial government has devised rural development bonds, or "Grow Bonds" as they are known, as a method of encouraging and facilitating investment by Manitobans for rural development in Manitoba.

Small communities need a resurgence of boosterism - "people with ideas, people who can organize ideas into strategic long-range plans and people who can carry out these strategies successfully" (Rural Reporter, 1990, p.12). The starting point for communities determined to stop stagnation or the downward spiral of decline is a commonality of purpose.

CED is largely associated with community owned enterprises which serve to give communities some element of control. Community owned enterprises can include such operations as community development corporations, worker, consumer and housing cooperatives and land trusts. Some enterprises receive government support, others operate only through the will of individuals in search of a better way. Their success demands commitment and an understanding of economic realities. In return, people are given autonomy and an opportunity to do useful work and reap the direct benefits of production.

CED in the form of community owned enterprises requires a fundamental change in the perception of "property, profit, quality of life and what is economic and what is not" (Naseqich, 1989, p.73). This generally only occurs once communities are in the midst of severe economic and social crises. Consequently, community owned enterprises usually

surface among those most "destitute and disadvantaged communities out of necessity, in the absence of any alternatives and as a last attempt at survival" (Nasewich, 1989, p.73).

Local economic development is more comprehensive in its approach. It incorporates community owned enterprises along with some aspects of conventional economic development, and focuses on strategies which build on resources which exist in the local economy: "natural resources, existing businesses and most importantly, the talents, skills and energies of the local population. This is critical for centres that have little hope to attract outside business, industry or investment" (Nasewich, 1989, p.73). The key elements of local economic development lie in the process of education and community involvement.

The steps of local economic development are listed on the following below.

- Start Up

The community is introduced to the process through public meetings and workshops, both formal and informal.

- Community Profile

People from all facets of the community are brought together through informal and formal public meetings and workshops, in



order to identify the community's major strengths and weaknesses. The result is the identification of specific needs and opportunities that need to be addressed.

- Vision Statement

Vision statements express how the people view the community at present, and how they would like it to develop in the future.

- Development Strategy

The vision statement provide the overall direction and focus for the economic development strategy. Development strategies are grouped by sector and detailed according to short, medium and long term objectives.

Communities must develop a holistic vision and develop their own long-range plans for economic survival. Their future lies in the encouragement of entrepreneurship and small business development, not large industry. The essence of this is empowerment of local people to influence and direct their community. This does not preclude awareness and acceptance of government initiatives, but promotes those that are supportive rather than obtrusive. Community leaders and volunteers are critical to any form of positive action.

SUMMARY OF ANALYSIS INFORMATION AS IT PERTAINS  
TO THE SMALL PRAIRIE AGRICULTURAL COMMUNITY

The Prairies have progressed through distinct development stages, adapting to changes with varying success through each one. The accelerated pace of change during this recent period in the post industrial stage has applied unprecedented pressures upon those communities serving the agricultural sector. Communities at the upper levels have gained power and strength at the expense of those beneath them. The lowest level of the hierarchy is narrowing quickly.

The industrialization of agriculture and adherence to the principles of a market economy have combined to increase competition between farmers and concentrate production with a few. The market driven process of farm consolidation and mechanization have reduced the population of the surrounding hinterland thereby increasing the inner range required for goods and services provided in the local community to be profitable. Increased accessibility to the goods and services of other centres through modernization of communication and transportation systems have combined to further reduce local patronage. Concurrent with this local threshold revision is the expansion of the trade area of the larger neighbouring centres. The small communities cannot compete with those at the top without the advantage of isolation. Local communities need more supporters, but instead they lose more.

The result is continued reduction in the number of functions provided by

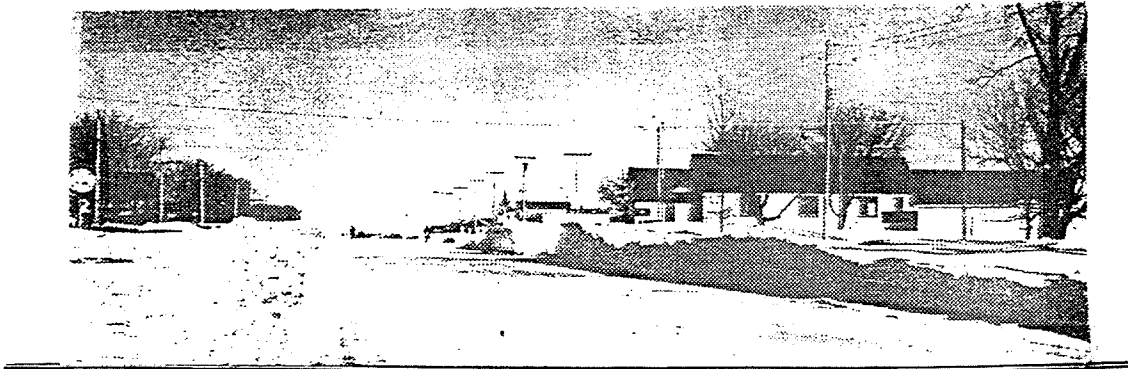
the small centres due to the forces of a market economy and the principles of a causal chain. The trend of decline at this level is very difficult to reverse through regional policies based on conventional economic development that are remedial and fragmented in nature. Simply stated, according to traditional theory the small unincorporated agricultural service communities have proven to be redundant and therefore, destined to demise.

The recognition of a paradigm shift however, and the increasing shift in emphasis from a predominantly conventional economic approach to development to a holistic approach, has given hope to those small communities with the will and determination to survive and perhaps prosper.

The next chapter focuses on a case study in order to exemplify the effects of change on a single community and to explore the future possibilities for that community.

## CHAPTER 7

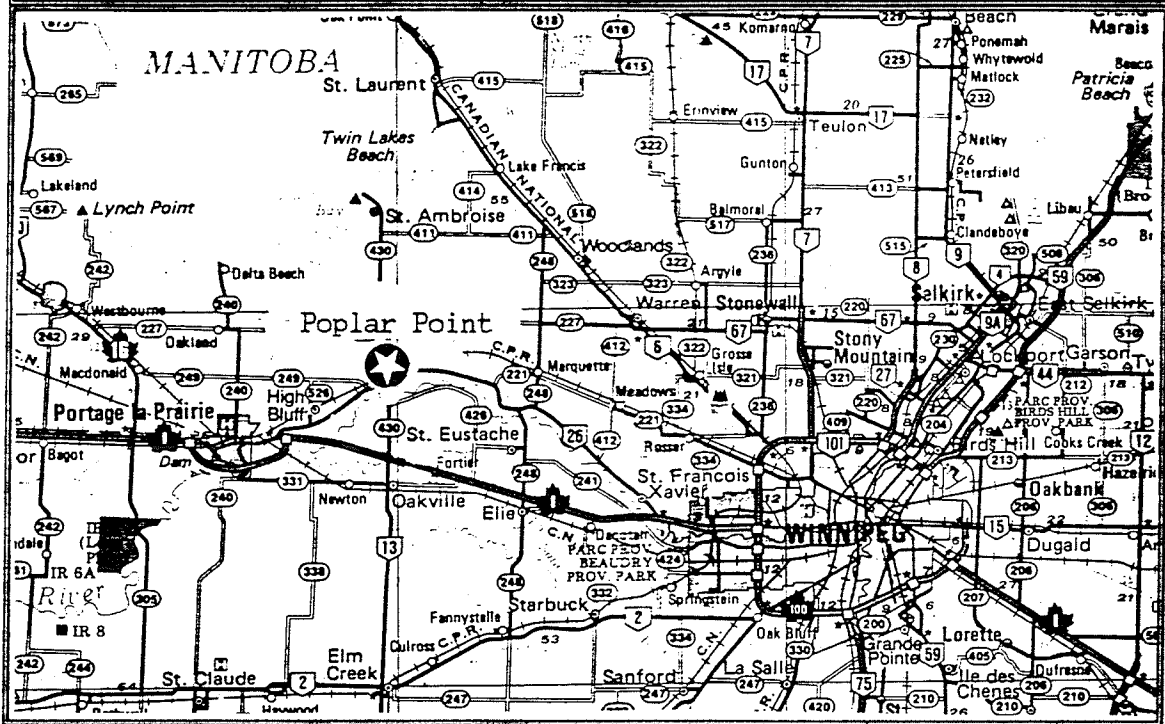
### CASE STUDY: POPLAR POINT, MANITOBA



Poplar Point serves as an example of the rise and fall of a small agricultural service community on the Prairies. An account of one community's passage through each development stage illustrates the effects of industrialization, the market economy and government policy upon its growth and ultimate role within the settlement network according to traditional theory and practices.

Poplar Point is a small community located north of the Assiniboine River between the centres of Winnipeg and Portage la Prairie. Its location is illustrated in Figure 11 on the following page.

FIGURE 11  
POPLAR POINT LOCATION



Chapter 7 is divided into three sections. The first presents a chronology of Poplar Point's development, while the second analyses the effects of economic rationalization upon the community. The third shows how government policies either exacerbated or alleviated the pressures of rationalization. The final section acknowledges Poplar Point's dismal destiny according to traditional conceptual theory. It then offers hope for an alternative to decline and demise through a description of communities which have defied their predicted destiny. The section does not proceed to attempt a formulation of an in-depth development strategy for Poplar Point, but rather attempts to draw from the examples and point out that Poplar Point must rely primarily on

itself and then, take advantage of complimentary government assistance if it is to survive.

Chronology of Development

The establishment and development of Poplar Point follows the predictions of conceptual theory. The distinct stages within which Poplar Point developed and the critical events that influenced its growth and decline are illustrated in Figure 12 below.

FIGURE 12 POPLAR POINT DEVELOPMENT STAGES				
Colonial Rule Exploration	Commercial Era Fur Trade	Westward Expansion Red River Colonies	National Development Agricultural Service Community	Decline
1600	1700	1800	1900	2000
Incipient Industrial 1830-1870 · individual capitalist · steam engine	Industrial 1870-1920 · individual capitalism · electric power · iron and steel/gas engine	Post Industrial 1920- · electronics · service sector growth · integrated market economy		

In 1738, Pierre de la Verendrye, the French Canadian explorer and discoverer of the Canadian west, established the first Fort la Reine near the present site of Poplar Point. The location was selected due to its position along the Assiniboine River and along the portage path to Lake Manitoba (le lac des prairies). It was expected that there would be many people passing that way since it was on the route taken by the southern Prairie tribes to the Hudson Bay Company's York Factory. The

fort was only used one year before being moved near the present Portage la Prairie. In the 1760's, Jacques Adehemar, a Canadian trader established Adehemar's Fort near the present Poplar Point for the purposes of trade.

In 1811, the head chief over the Cree Nation was approached by Lord Selkirk who asked to borrow a piece of land from his good red brothers, on which to put some poor white men who were crowded and living hardly in their own country" (Poplar Point Year Book, 1955, p.26). At that time Poplar Point was known as "The Half-Way Place".

Expansion of the Red River Colonies took place under the auspices of the Hudson's Bay Company from 1863 to 1870. The Red River ox cart trail followed the Assiniboine from Winnipeg through Poplar Point to Portage la Prairie. Poplar Point eventually grew among the surveyed river lots to serve the mixed fur trade and subsistent farming economy. The Anglican church was built in 1862.

Between 1870 and 1881, the economic base of Poplar Point changed from the fur trade to the grain trade. The National Policy with its railway construction, allowed Poplar Point to grow as an agricultural service centre. The CPR line joined the larger centres of Winnipeg and Portage la Prairie and was located four miles north of the community. A depot was located at Deep Creek, just east of the centre. The railroad was moved south and alongside the community in 1885. Among the first functions of the railroad was the transport of soldiers and their

equipment to the railroad rebellion in Alberta.

A station, two elevators, Hudson Bay line store, boarding house, livery stable and blacksmith shop were constructed shortly thereafter. The first school was built in 1870. by 1895, Poplar Point had a general store and other private enterprises. Prairie communities along railways which serviced the expanding farm population reached their initial peaks in the 1920's. Poplar Point expanded its inventory of entrepreneurs and built a bank and community hall. Rural municipalities improved their market roads and under the Good Roads Act, provincial governments aided in the construction of highways. In 1925, the old ox cart trail became part of the TransCanada Highway system. Economic development stagnated during the depression, but social development flourished.

World War 2 and its aftermath changed the outlook of Poplar Point. The extension of electricity to the formerly insulated community introduced outside influences. Exposure to urban life styles through radio and television led to demands for higher quality goods and services. the gasoline engine promoted further farm mechanization and expansion, as well as increased travel beyond the local area.

Poplar Point grew during this period however, due to the increased importance of agriculture and its associated services, and also due to its location along the TransCanada Highway. Local businesses such as garages and cafes grew in number to meet the demands of the local population, as well as those people passing through on the highway. A



second school was built to accommodate increased enrolment.

The community developed a wealth of social functions during this period due to community spirit. The community skating rink and ball diamonds drew people to Poplar Point. The centre gained recognition through its performance in sports, primarily hockey, due largely to the efforts of a local booster. Church groups and a 4-H club served other segments of the community.

The rationalizing effects of the market economy did not surface until the latter 1950's and particularly in the 1960's. The old Red River ox cart trail that had become the TransCanada Highway was reduced to Provincial Trunk Highway #26. The new TransCanada Highway followed a more direct and efficient route south of the Assiniboine River. The impact of the weakened transportation linkage was dramatic. The Red and White store closed and the General Store became a part of a retail chain in order to gain competitive purchasing power. The reduction in traffic resulted in the closing of garages and cafes.

The second major blow resulting from the economic rationalization of functions came in 1967 with the consolidation of school districts. One school closed in Poplar Point and the other lost grades nine to eleven to Portage la Prairie. In 1969, grades seven and eight were bused.

Poplar Point stabilized during the atypical 1970's. Agriculture continued its path of mechanization and consolidation, but the desire

for rural living countered the agricultural depopulation trend. The availability of cheap fuel led to the growth of commuterism. Poplar Point's location between Portage la Prairie and Winnipeg allowed it to become a minor "bedroom community".

The economic recession of the 1980's did not translate into increased support of local services, but rather increased competitiveness. The parcel of land intended for lot subdivision in the 1970's remained vacant. The search for variety and low prices resulted in commuter workers becoming increasingly, commuter shoppers. Increased pressures for a bilingual nation led to French immersion curricula being offered in select schools. Again, Poplar Point was at a disadvantage.

In 1991, Poplar Point has no hockey or baseball teams and no 4-H club. The rink and community hall are seldom, if ever, used. The business section of the community comprises a single store and garage. The school is spacious with only 30 students. Churches still have dedicated, but dwindling congregations. The elevator marking Poplar Point on the plains was demolished in the name of economic efficiency this year.

The decline of the community engenders further decline. As the community's functional infrastructure is dismantled or left to fall into disrepair investment in or migration to the community is discouraged. The principle of circular and cumulative causation runs its course in Poplar Point until there is no longer a Poplar Point, only a relic of

the past.

### Process of Economic Rationalization

Poplar Point managed to maintain a relatively stable level of population over the years until very recently. It grew during the initial post war period until it peaked in 1966. The sudden drop may be attributed to the various forces of economic rationalization. The growth during the 1970's may be attributed to the renewed interest in rural living and the agricultural prosperity of the day. A windshield survey noting the number of houses, vacant or for sale, in the community as well as personal knowledge of the author of reduced membership in sports, clubs and churches provides an indication that the population has declined since the latest available census data of 1986. Table 10 on the following page illustrates the population of Poplar Point and for comparison purposes, the population of neighbouring communities.

Other communities on PTH #26 including High Bluff and St. Francois Xavier were able to attract commuters and grow as bedroom communities. The former is close to Portage la Prairie, while the latter draws from Winnipeg. Oakville gained advantage with the new TransCanada Highway route and its proximity to Portage la Prairie. The other more remote communities fared worse than Poplar Point.

TABLE 10  
POPULATION STATISTICS 1951 - 1986

YEAR	1951	1956	1961	1966	1971	1976	1981	1986
POPLAR POINT	217	258	257	270	218	250	264	250
OAKVILLE	391	372	377	366	392	398	383	416
HIGH BLUFF	135	114	77	142	122	141	132	292
ST. FRANCAIS	-	-	-	-	55	141	256	259
NEWTON	-	-	-	47	50	46	-	-
ST. AMBROISE	276	316	359	315	-	314	263	-
MACDONALD	122	166	118	97	50	55	77	-
EDWIN	-	-	-	-	16	14	22	-
DELTA	84	61	74	78	89	49	46	-

Source: Census, Statistics Canada.

Population change has been questioned as an adequate measure of the ability of a centre to survive however. "The most adequate measure of trade centre change would thus seem to be one that measures changes in the ability of a centre to provide services. This is, after all, the prime raison d'etre of trade centres in agriculturally based regions." "The shifts of centres between retail classes would reveal tendencies for growth or decline. Observations made of such shifts over a period of time would give a reliable basis for assessing a centre's performance" (Hodge, 1966, pp. 187-188).

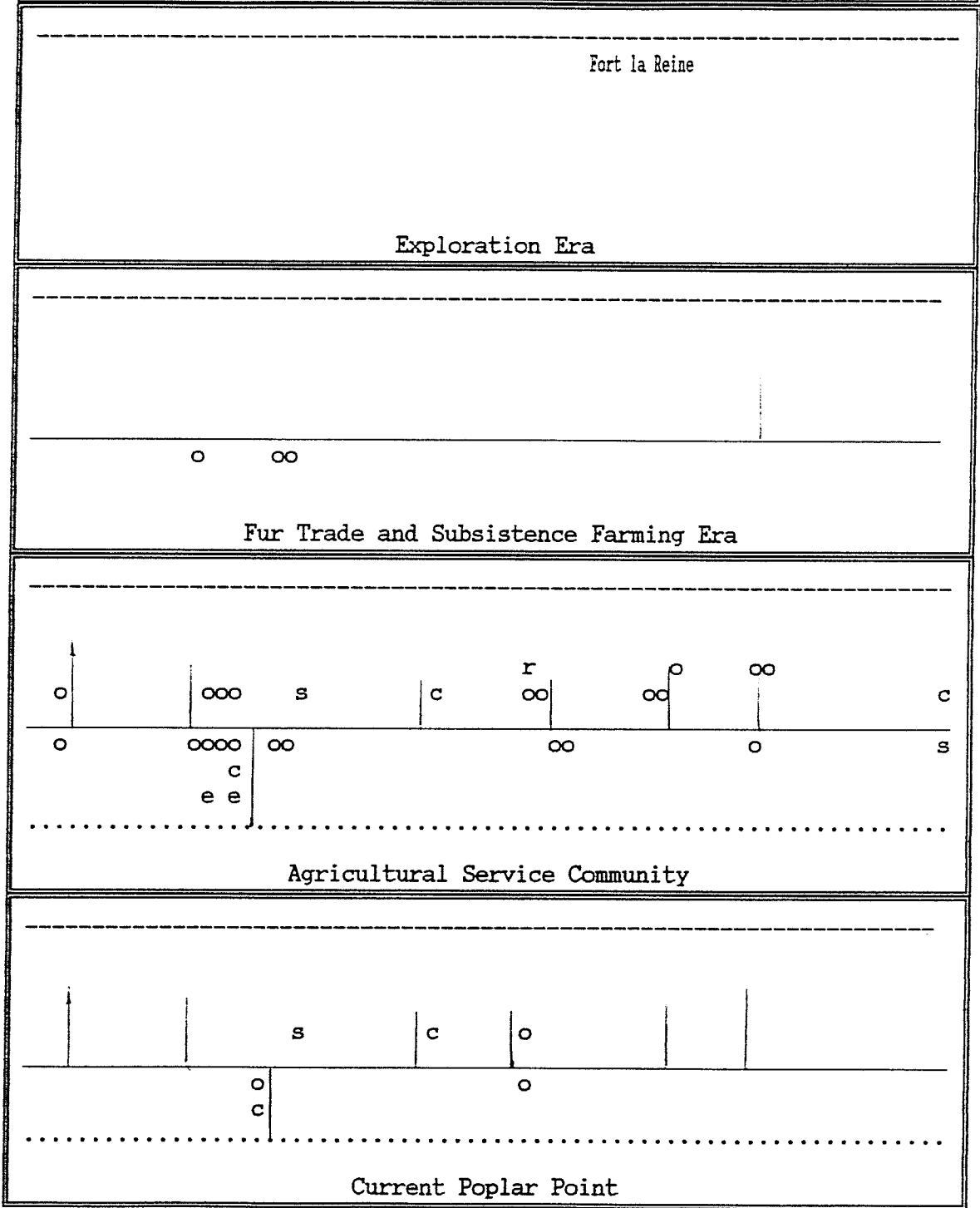
The effects of time and change upon the community of Poplar Point therefore, is reflected by the number of functions it provided over time. The relative stability of its population belies the fact that the

community has declined dramatically with respect to its functional role within the settlement system and with that the level of community pride has declined. The combination has led to increased abandonment of the community, literally and also spiritually. These comments are derived from the authors personal knowledge of the community.

Figure 13 illustrates the number of functions existing in the community during each era of the development process. The growth and decline in the number of community functions indicate the rise and fall of Poplar Point's position within the settlement hierarchy.



FIGURE 13  
RISE AND DECLINE IN THE NUMBER OF FUNCTIONS IN POPLAR POINT



Key: o Commercial    r Rink    s Railway Station    ... Railway  
 c Church    e Elevator    --- Assiniboine River    \_\_\_ Road

The major events of the process of economic rationalization that incited the beginning of Poplar Point's decline are summarized below in Table 11.

TABLE 11 PROCESS OF ECONOMIC RATIONALIZATION - MAJOR EVENTS	
Farm	1870 to present - Farm consolidation and Hutterite holding expansion
Railway	1957 - Station closure
Elevator	Late 1950's - Reliance elevator closure 1991 - Pool elevator closure
Highway	1926 - TransCanada Highway 1955 - Provincial Trunk Highway #26
Electrification	1955 - Electrification of rural Manitoba
School Consolidation	1967 - West Poplar Point School closure grades 7 to 11 bused
French Immersion	1985 - Loss of competitive advantage

The process of economic rationalization upon Poplar Point may be illustrated further through comparison of past and present situations. Table 12 on the following page illustrates the process of farm consolidation by listing the number of farms within Poplar Point's trade area in 1873, 1920 and 1990. The figures show the change since the homesteading days. Maps 2 and 3 in the appendix show the number of farms within the trade area of Poplar Point as defined by the midpoint between it and the nearest centre. River lots were not included in the count due to insufficient data.

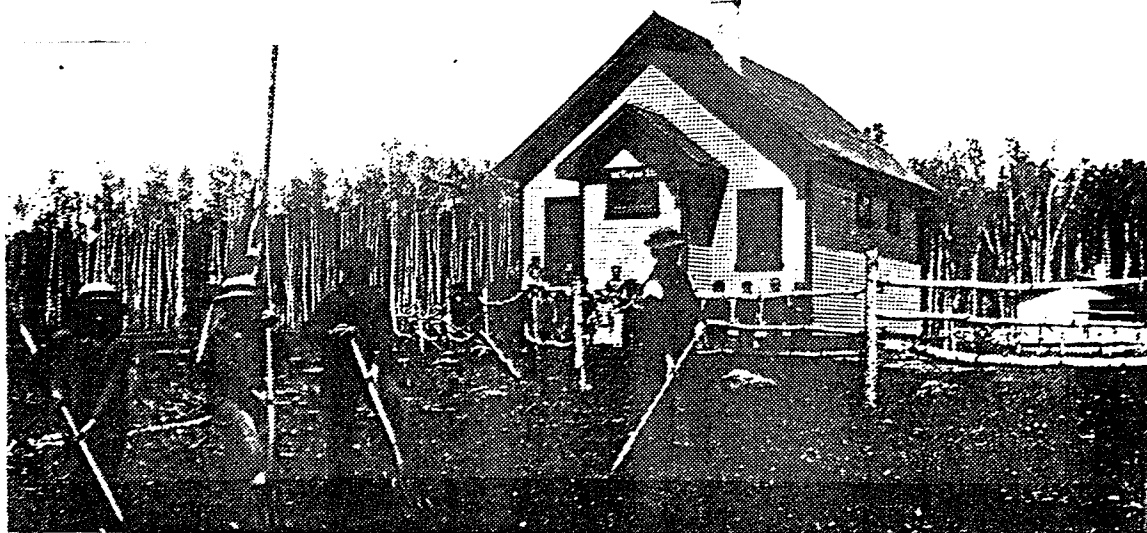
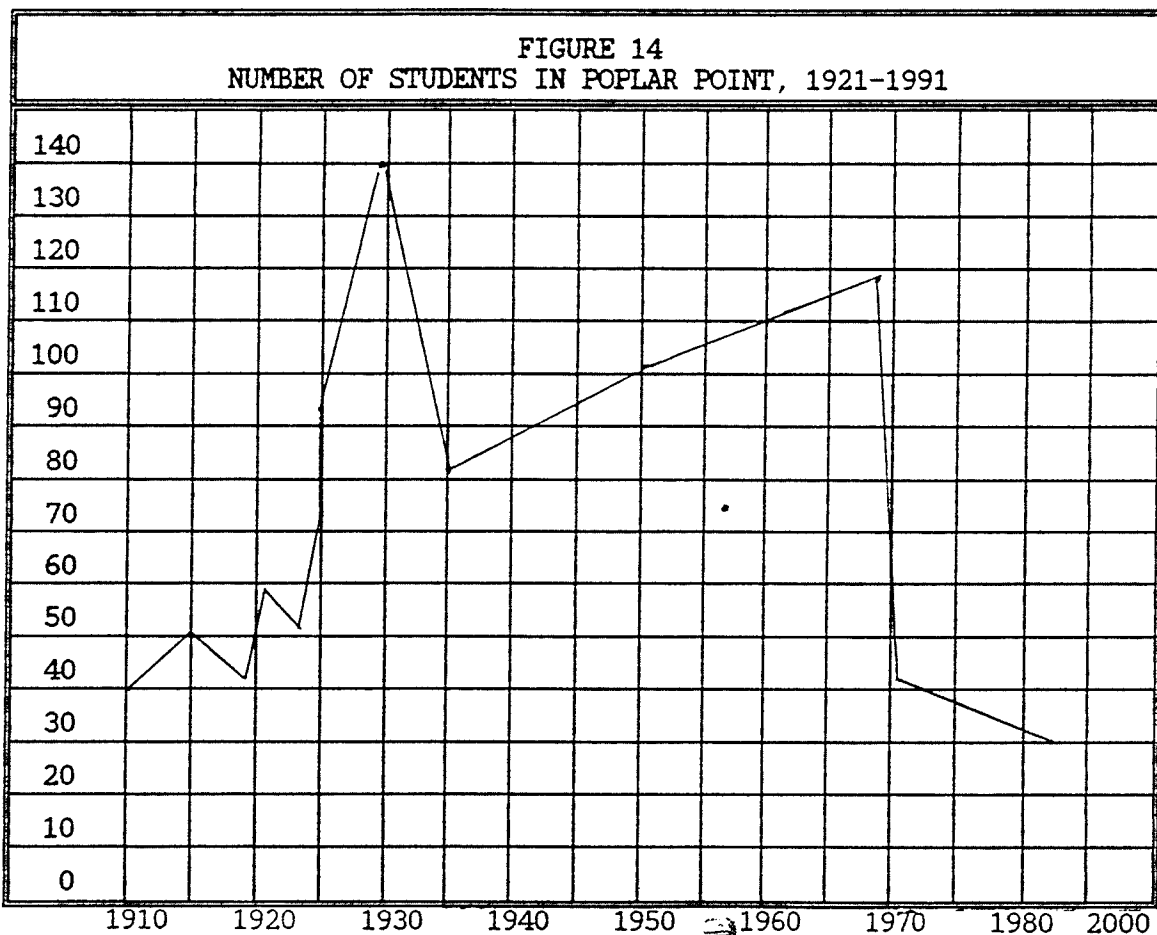
TABLE 12 NUMBER OF FARMS WITHIN THE TRADE AREA OF POPLAR POINT		
YEAR	Number of Farms	% Change
1873	163	
1920	157	3
1990	94	40
Overall Reduction 1873 - 1990	-69	42

Poplar Point is located on a main rail line on the north side of the Assiniboine River between Winnipeg and Portage la Prairie and consequently, has not had to contend with rail line abandonment. However, the railway station closed in 1957. Poplar Point had two grain elevators at one time. In 1991 the last one was closed and demolished.

Figure 14 illustrates the effects of the process of economic rationalization upon the provision of education in Poplar Point for the 1912 to 1991 period. The years where enrolment figures were available are represented by dots on the graph. The enrolment levels directly correlate with specific events of the time that are of particular note. The 1928 - 1929 school year, with a peak enrolment of 140 students, was the year that the West Poplar Point School opened. The number of students declined during the depression only to rise again slowly after World War 2. The second peak occurred in 1967. West Poplar Point School closed at the end of that year due to the process of school consolidation and grades nine to eleven were bused in from the other school to Portage la Prairie. In 1969, the school was reduced in function further when grades seven and eight were bused into Portage la

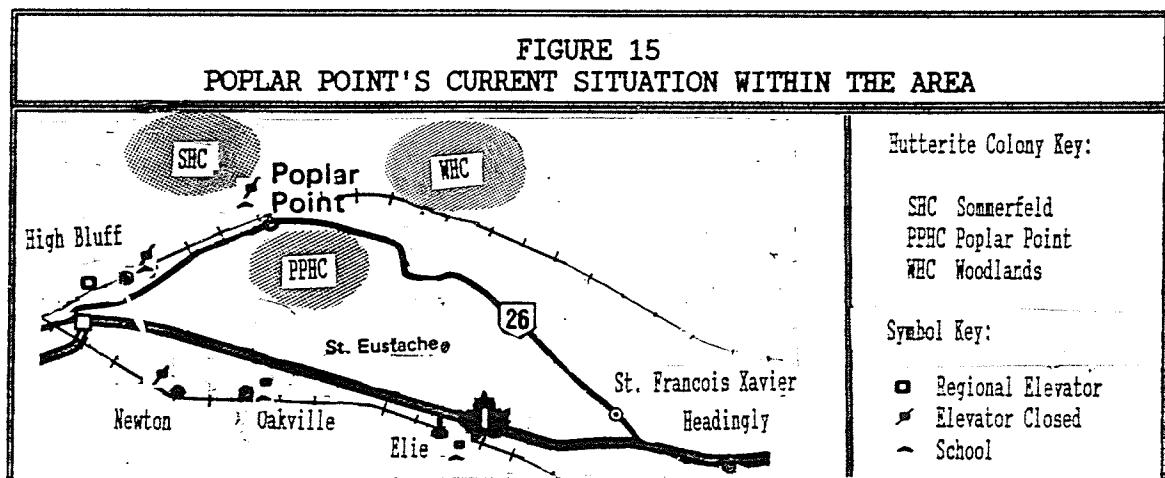


Prairie. The dramatic reduction in student enrolment after 1967 illustrates the decline now associated with Poplar Point.



Poplar Point also lost its competitive advantage in the realm of sports, once a dominant part of the community's life. Not only does Poplar Point not have the young people to participate in hockey, baseball and figure skating, its facilities cannot compete with those of higher quality in the nearby larger centres of Oakville and Portage la Prairie. Along with a loss of functions, Poplar Point has experienced a noticeable loss of community spirit and commitment.

Poplar Point's current situation within the area is illustrated in Figure 15 below. Poplar Point is surrounded not only by increasingly consolidated farms, but by three Hutterite colonies. The grain elevators in the local communities have been replaced by one central elevator. The communities in proximity to larger centres have grown as bedroom communities for commuters. Poplar Point once benefited from its "Half-Way Place". Now it has proven to be just beyond the attractive commuter distance especially considering the declining state of Provincial Trunk Highway (PTH) #26.



## Government Intervention

Poplar Point declined in functional relevance as the process of economic rationalization progressed. The forces of competitive centrality have rendered its position within the settlement system redundant and therefore, dispensable as per the predictions of traditional conceptual theory.

Federal and provincial governments largely embrace a laissez-faire approach due to the faith in the automatic regulatory mechanism of the free market economy. Social pressures however, demanded the government address the negative consequences of the process of economic rationalization. Government policies vary from those that facilitate the economic rationalization process to those that attempt to alleviate the stress caused by the economic and settlement restructuring process.

The agricultural and rural development policies and their effect, positive or negative, upon Poplar Point are listed in Tables 13 to 15 on the following pages.

TABLE 13  
AGRICULTURAL POLICIES

Research and Extension	Improved farm yields: Increased prosperity and therefore, purchasing power in Poplar Point's trade area
Farm Credit	Facilitated mechanization and consolidation: Reduced number of farm workers, farmers and farm families which translated into a reduced number of supporters for Poplar Point. Farm consolidation promoted the rationalization of the rail and elevator system. Poplar Point lost its railway station and elevators.
Crow Rate	Increased farmer discontent and rationalization of the rail network: Economic pressures resulted in the closure of Poplar Point's railway station. The community is situated along the main rail line and therefore, did not suffer from rail abandonment.
Feed Freight Assistance & Feed Grain Policy	-
Marketing and Market Organization	Improved farm income security: This influenced the affluence of Poplar Point's supporters.
Income Support	Stabilized farm income: This influenced the affluence of Poplar Point's supporters.
Federal Fiscal Policy	Controlled farm export and income conditions: This influenced the affluence of Poplar Point's supporters

TABLE 14  
FEDERAL RURAL DEVELOPMENT POLICIES

PROGRAM	EFFECT ON POPLAR POINT, MANITOBA
PFRA	Improved farm practices and increased farm prosperity in Poplar Point's trade area.
ARDA	Facilitated off-farm employment in Portage or other larger communities and increased the flow of people from Poplar Point proper and its trade area.
ADA	Increased disparity between Poplar Point and other centres by assisting those communities already at higher levels in the hierarchy.
ADIA	Provided incentives for industries to locate in rural communities - Poplar Point did not possess the most essential elements of attraction for it to be considered for further investment in order to attract outside industry. Poplar Point is too low in the urban hierarchy. It did not have water and sewer services, nor did it have the population and businesses to warrant such.
RDIA	Poplar Point does not have sewer and water and therefore, did not benefit from this program.
DREE	Identified growth poles and assisted those chosen to grow, while exacerbating the decline of those like Poplar Point, already declining.



TABLE 15  
PROVINCIAL APPROACHES

<p>Liberal 1948 - 1958</p>	<p>Recognition of the inherent benefits of consolidation process in rural communities to be more economic and better functioning units: Poplar Point weakened with the loss of its railway station and the down-grading of the TransCanada #1 Highway to Provincial Truck Highway #26. This combination reduced the amount of traffic flowing through the community. Electrification introduced outside influences and lured the rural population to venture beyond the local community.</p>
<p>Progressive Conservative 1958 - 1969</p>	<p>Regional approaches to rural planning included government responsibility for stimulating and delivering development efforts: Poplar Point was overlooked as a recipient of economic stimulation. Assistance to other communities exacerbated the decline of Poplar Point in terms of competitive advantage.</p>
<p>New Democratic Party 1969 - 1977</p>	<p>Stay Option introduced grants and loans to rural communities: Poplar Point accepted grants and upgraded community social and recreation facilities.</p>
<p>Conservative 1977 - 1982</p>	<p>Hands off free-enterprise approach: Poplar Point received little assistance.</p>
<p>New Democratic Party 1982 - 1988</p>	<p>Grants to maintain social infrastructure: Poplar Point accepted further grants to renovate a building into a senior's centre and further upgrade recreation and social facilities.</p>
<p>Conservative 1988 -</p>	<p>Encourage rural communities to invest in themselves and embrace a bottom-up approach to community development: -</p>

Federal policies serve the greater good of the total population. The concerns of centres such as Poplar Point remain negligible from the government's perspective. Policy approach over the years was sectoral in that it satisfied a particular activity or function. Poplar Point felt the effects of the move to greater efficiency as farms consolidated, individual enterprises closed or joined corporate chains, rail and road transportation corridors streamlined operations and school districts consolidated.

Agricultural policies which enhanced production and stabilized farm income fluctuations contributed to the economic health of the surrounding area and therefore, the prosperity of Poplar Point. This was off-set however, by agricultural policies which facilitated farm consolidation and off-farm employment. The reduction in the number of farms weakened Poplar Point by reducing the density of its threshold area. Poplar Point does not possess employment opportunities and therefore, could not absorb the extra labour. Rather, larger neighbouring communities benefited from policies which assisted those in search of off-farm work. The loss was further aggravated by the increased mobility of the rural residents.

Industrial development programs followed conventional economic development practices. As described in Chapter 6, these served to assist those communities already in more favourable positions within the settlement hierarchy. Poplar Point, lacking water and sewer services, was not assisted and in fact, was negatively impacted as chosen 'growth

poles' received artificial stimulation. The competitive advantage afforded some exacerbated the disparity between communities.

Poplar Point only benefited, albeit superficially, through government grants directed at upgrading the recreation and social infrastructure. The upgraded facilities look better, but still cannot attract the number of supporters necessary to keep the door open and the places maintained. Consequently, the recently refurbished J.P. Bend Memorial Rink and community hall are closed. The ball diamonds with the new back stops are seldom used. The only product of the government influx of money that remains open and operational is the senior's centre.

Poplar Point has continually lost its competitive advantage over the years and according to traditional conceptual theory, is about to be rationalized out of the settlement system completely, like Reaburn, Fortier and Newton.

#### Alternative to Decline and Demise

As concluded in previous chapters and based on history, as well as conceptual theory, the Prairies do not need and cannot support the number of agricultural service communities that it did in former years. The result is a process of elimination whereby those with certain advantage or strength win over those weaker communities. Societal trends ensure the demise of many in favour of a few.



Communities such as Poplar Point are destined to extinction should the trends be passively accepted. The alternative of not accepting defeat is an option, albeit one involving risk and requiring cooperative determination and a strong sense of local boosterism. Leadership and action can improve community attitude and incite positive change. Positive community attitudes arise from a "combination of vision and mission. Somehow all the movers and shakers need to come together to reach for common goals." Common goals may include such things as: "beautification projects, competitions for the best-kept yard or the best-looking storefront; community cleanup, community picnics, highlight some local notables, a reunion of school, church or family." "Any aggregation of human beings has within itself a powerful arsenal of ability, intelligence, imagination and investiveness, if only they can be harnessed" (Prairie Progress, 1991, p1).

Effective communities are different from others, not in economic, demographic or regional factors, but rather in the prevailing attitude of letting everyone in the community be involved in decisions, but only after the community as a whole has a sound knowledge base of interrelations. "Coalitions cut through the ever-present ideological cultural, ethnic and historical differences in people that often get in the way of revitalization" (Prairie Progress, 1991, p. 6).

Communities must identify those resources which can contribute to the common goals of the community. Figure 16 on the following page illustrates the potential combination of resources within the community

and serves as a guide.

FIGURE 16  
COMMUNITY RESOURCES

Human Resources

- . attitudes
- . cultural groups
- . entrepreneurs (actual and potential)
- . labour (quantity and quality)
- . leadership
- . investors
- . facilitators (professionals)

Physical Resources

Natural:

- . scenic
- . location

Built:

- . buildings
- . land availability
- . roads and communication infrastructure

Community Resources

- . volunteer groups
- . interest groups
- . institutional services (church, school..)
- . regional associations
- . professional planning and economic development services

Source: University Notes, 1988.

This section does not intend to devise a development strategy for Poplar Point. The intent rather, is to show through example that some communities have defied their predicted destiny. These examples serve to provide hope to Poplar Point, and also to emphasize the importance of community spirit, determination and commitment.

Lessons may be learned from the experience of a community in British Columbia that lost its economic base with the closure of the Mac Blo

sawmill in 1983. Rather than accepting defeat and imminent decline, the community of Chemainus developed a strategy and worked cooperatively toward the goal of re-orientating its primary function from servicing the lumber industry to servicing the tourist industry. The results have been impressive.

"Chemainus turned to the walls of its public buildings and covered them with beautiful, larger than life murals, creating an instant tourist attraction" (Tour British Columbia, 1986, p.45). The town's history is told via the paintings and people can tour the walls on foot, by car, pedi-cab, rental bikes or horse drawn carriage. Further economic spin-offs include merchandising opportunities such as prints of the murals and t-shirts, tea houses or restaurants and art galleries.

Stony Plain, Alberta, followed a similar course to that of Chemainus, B.C., in that it benefited from an intense program of beautification. The walls of many buildings were painted with murals reminiscent of the building's original function. A feature attraction is its park and centrepiece which honour the community's Japanese sister town Hokkaido.

Other communities on the Prairies have shown progress through a resurgence of entrepreneurship. Friesen Printers in Altona, Triple E in Winkler and Loewen Millwork in Steinbach, Manitoba, are illustrations of economic success stories of citizens in small rural communities. Economic development or diversification occurs when individuals make investments in their local community. Other examples include two

clothing companies in Vulcan, Alberta, which began as home operations and coordinated their efforts to expand their market outside the province into Saskatchewan. The company's expansion translated into job opportunities for other local residents. Farm women in Brooks pooled their talents in a weekend exhibition offering for sale pottery, sketches, willow baskets, mohair garments, and homemade quilts. Other women, such as one in Sanford, Manitoba, opened a crafts shop selling the works of other local people including afghans, quilts, cushions, pottery and more.

Communities such as Grandview, Manitoba have formulated economic development strategies and outlined opportunities and goals. The situation was quite negative in 1989, but since then the community has improved its attitude, attracted the regional head office of a federal program, local investors, built a senior's residence and attempted to start a small incubator factory facility.

While Poplar Point is not as large as some of the communities mentioned, the point worthy of note in the examples was not the quantity of projects undertaken in each, but rather the quality and the spirit of community.

#### Alternative Purpose within the Settlement Network

A community such as Poplar Point cannot attract industry or large business. Economic and cultural opportunity does exist however, in a

combination of community beautification and entrepreneurship based on two recognized trends: first, increased interest in our rural heritage and the recognition of the need to protect it, and second, the increased importance of the service sector in this period of development.

The history of Canada is recent in comparison to other parts of the world, just as the history of the Prairies is recent in comparison to other parts of Canada. This fact often belies the need to protect vestiges of the past for the benefit of the future.

Poplar Point played an active role in both the exploration and settlement of western Canada. It existed during the fur trade enterprise of the 17th century and shifted with the creation of the province of Manitoba. "The Metis and Selkirk pioneers selected settlement areas at strategic points along the river ways near the only important fixed commercial centres on the Prairies, the fur trade post" (MacDonald, G., 1990, p.2). By the mid-1870's, people of varied ethnic origin arrived from all over in order to settle around former posts or other selected locations.

There is much to be learned about our collective past through a study of these old pioneer areas, for the various 'vernacular' buildings often provide a key to the historical development of those communities.<sup>8</sup>

Rural architecture often reflects one of several stages in community

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<sup>8</sup> *'Vernacular' architecture refers to architecture of the people, that which derives from everyday life and functions.*

evolution: 1) the pioneer stage, 2) a traditional stage in which older building styles were more consciously drawn upon, 3) a transitional phase, in which old and newer more popular building techniques were employed, and 4) a modern phase, during which all new construction appeared to be based on mainstream building designs" (MacDonald, 1990, p.3). Rural architecture is threatened by the lack of appreciation, recognition and by neglect.

The rural-urban migration has eroded the local base of citizen interest required to promote and develop local heritage. The strength of Poplar Point may be found in its rich past and hopefully, in a renewed sense of community spirit.

Selected heritage structures have long been recognized as important cultural symbols meriting protection or rehabilitation, but it is only in the past fifty years that the economic potential of heritage architecture has been explored. This has largely been the result of an increased public interest and awareness of history in general. The increase in the amount of surplus wages and leisure time have facilitated the development of popular historical attractions. Additionally, it has become fashionable to live in older communities "which still embody some aspects of a slower way of life" (MacDonald, 1990, p.4). Generally, therefore, there has been growing acknowledgement that "heritage pays not only in the cultural enrichment sense, but as a component of the tourism and job market (MacDonald, 1990, p.4).

"It is well recognized now that general community appearance, including environmental diversity and links with one's past, are an important aspect of the public good. Many communities which have fostered heritage conservation programs have rediscovered a sense of civic pride which had faded along with the deterioration of buildings and neighbourhoods" (MacDonald, 1990, p.5).

Proposals have surfaced over the years which would tie together a series of distinctive cultural landscapes in a tasteful series of heritage explorations tourism routes (MacDonald, 1990, p.1). "Such routes would do much to stimulate local economies as well as assist in the general conservation of important elements of Manitoba's heritage" (MacDonald, 1990, p.1). Poplar Point could draw from this proposal and "pull itself up by the bootstraps".<sup>9</sup>

#### Positive Characteristics of Poplar Point

Poplar Point is only one of a multitude of small agricultural service communities in decline. This section serves to highlight those characteristics of the community that either distinguish it from the others or lend it competitive advantage for heritage development.

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<sup>9</sup> *'Pull itself up by its bootstraps' is a term from the book "Bootstrap 2" by Fred McGuinness. It refers to local people taking the initiative to help their communities and to working from the bottom up.*

- Locational Advantage

Once again, Poplar Point could benefit from its position as "The Half-Way Place" between the larger centres of Winnipeg and Portage la Prairie. Poplar Point is located on the former ox cart trail that followed along the Assiniboine River and connected the larger centres of Winnipeg and Portage la Prairie. This route may now be viewed as the scenic drive which allows people to relive the former route. Its location is not remote and should a broader heritage network ever be attempted, would most assuredly be included. Upon journeying west of Winnipeg, the historic route could begin at the White Horse monument at the junction of the TransCanada Highway and PTH #26.

- Stagnant State

Poplar Point's failure to transform successfully into a trendy commuter haven has allowed the community to retain, in nearly the original state, some of the older relics of the past. A brief inventory of buildings that are representative of a former era is listed below.

- . General Store
- . Lumber Building
- . Store
- . Cafe



- . Four Garages
- . Anglican Church
- . Stone Farm House (just west of the community)

● Human Resource Talents

For a community the size of Poplar Point, it had an exceptional impact upon the world of sports. While all those listed below are no longer with us, their memory remains a source of community pride. The notable athletes which hailed from Poplar Point are listed below.

- . Western Canadian Champion Sprinter - Rupert Spence<sup>10</sup>
- . Professional Hockey Player - Bryan Hextall<sup>11</sup>
- . Professional Softball Player - Olive Bend (Little)<sup>12</sup>

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<sup>10</sup>Rupert Spence was the champion 100 and 200 yard sprint for Western Canada in 1921 and 1922.

<sup>11</sup>Bryan Hextall played for the New York Rangers and led them to a Stanley Cup championship in 1940. He scored the winning goal in overtime for the Ranger's team. He was also named to the NHL all-star team for three consecutive years, 1940-1942. Two of Hextall's sons, Byran Jr. and Dennis, later played in the NHL and his grandson, Ron, is a goal tender for the Philadelphia Flyers. Bryan Hextall was inducted into the Manitoba Sports Hall of Fame and was honoured as a member of the Manitoba Hockey Hall of Fame.

<sup>12</sup>During WW2, when major league baseball in the United States was hampered with players taking part in the fighting, a women's league was formed. Olive Little (Bend) was recruited by the Rockford Ill. Peaches. She pitched four no-hitters while with Rockford and was selected to the all-star team that played at Wrigley Field, Chicago. Olive was inducted into the Manitoba Sports Hall of Fame.

Other local talents include those listed below.

- . Fiddlers - Jellico Lafrenere and Floyd Lacroix<sup>13</sup>
- . World Class Decoy Carver - John Byron Garton<sup>14</sup>
- . Nationally Recognized Artist - Eleanor Bond<sup>15</sup>

The inventory given only highlights the physical, human and community resources which distinguish Poplar Point from other communities. Poplar Point has a basis upon which to build. It has a canvas in a few of the buildings listed, given the owners approve and wish to participate, it has a noted and capable artist within its grasp, it has local sports heros to immortalize and it has local musicians and artisans whose work could be displayed and marketed. The opportunity exists, but can only be seized if Poplar Point turns it back on its primary role as an agricultural service community, but not on its history. This requires local commitment to an established goal. It does not dismiss federal or provincial government assistance, but encourages local initiative and

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<sup>13</sup> *Jellico Lafrenere and Floyd Lacroix Sr. are two well known fiddlers who won several championships in their day. The former has recorded and marketed his music.*

<sup>14</sup> *John Byron Garton is a world champion carver whose craft is sold across Canada. His carvings are displayed in the Ward Foundation Museum, Los Angeles Museum, World Wildlife Museum at Monument, Colorado and Parks Canada. His work has also been shown at the Connecticut Autobahn Bird carvers Exhibition, Philadelphia Academy of Natural Sciences Art Exhibition, Museum of Natural Sciences in Ottawa, Annual Ward Foundation Wildfowl Exhibition and the Waterfowl Festival at Easton, Maryland.*

<sup>15</sup> *Eleanor Bond is not a resident of Poplar Point, although she has a studio located at her brother's farm just east of the community. Eleanor was one of two Canadian painters selected to represent Canada in Europe in the late 1980's.*

participation.

### Prospect

Poplar Point must gather its residents and supporters together, assess the community's strengths and weaknesses and establish a vision for the future. Efforts must then be coordinated to the common goals and objectives.

A community which is united in purpose, and determined to improve attracts attention and growth. "Growth is most likely to occur in centres in which the citizens feel good about themselves, have pride in their surroundings, and an optimistic attitude about their future" (Prairie Progress, 1991, p.1). Poplar Point must find within the will and determination to initiate and sustain positive change.

## CONCLUSION

Canada expanded westward under the pressures of American encroachment and economic need. The economic base of the Prairies was purposefully narrow so as to create a producer of raw agricultural commodities and a captive market for the manufactured goods of central Canada.

The rapid settlement of the west was typified by a myriad of towns, villages and hamlets which grew along side the advancing railway with the purpose of serving the surrounding farms. The original pattern was based on the technology of the day which included the steam engine, man power and horse power. Settlement trade areas represented the limitations of distance in that era.

The original settlement pattern reached its peak in the 1920's. The depression stalled growth in both rural and urban areas alike, but the technological advance associated with World War 2 and the global integration of the capitalist system altered the future of the established economic and settlement structure.

The pursuit of economic efficiency encompassed the entire rural order. Local communities bore the effects of farm, elevator, rail, commercial and human service rationalization. The pattern of many family farms

requiring many farm labourers transformed into few mechanized agribusinesses requiring few farm labourers. The result was fewer labourers and families to support the local communities. The process of centralization and concentration reduced the number of functions provided by the small agricultural service community.

Technological advance in transportation and communication further weakened the local community by eliminating the isolation typical of rural areas in earlier days. The increased mobility and acceptance of urban standards intensified competition among centres. Larger centres, with the advantage of economies of scale and variety expanded their trade areas to consume that of the neighbouring smaller communities.

The pressures of competitive centrality threatened the position of the smaller agricultural service communities within the settlement hierarchy. Inertial forces created a chain of circular and cumulative causation wherein, growth tended to breed more growth. Conversely, decline tended to breed more decline. The result was a stressful period of adjustment that continues today.

Adherence to the principle of laissez-faire and privatism in Canada limited government intervention in the competitive process. Social pressures however, demanded the government address the negative consequences of the process of economic rationalization. Government policies and programs attempted to both facilitate the process since it was believed to be in the best interests of the nation, but alleviate

the stress created through various means of artificial stimulation.

Government policies served the greater good of the total population. Conventional economic development practices largely assisted those communities already in more favourable levels of the urban hierarchy, and thereby, increased disparity among the centres. Those communities of the lowest order received only superficial assistance to improve social and recreational infrastructure. The solution was cosmetic and failed to address the root cause of decline.

The inability of the lowest order of community to compete in the capitalist system has resulted in a reduction of their functional relevance. According to traditional theory, they are destined to be rationalized completely out of the settlement system.

There are however, some imponderables. Some communities defy their predicted destiny. Increasingly, it is being recognized that survival of those communities which no longer contribute to an economically efficient settlement system, depends upon the will of its residents. Recently, government emphasis has shifted from external government financial assistance and manipulation of economic growth to community involvement for positive change.

The element of boosterism which was responsible for community growth during the period of early development is now recognized as the element responsible for community survival in this current period. Survival or

demise of the small Prairie agricultural service community is determined by the local people.

APPENDIX A



## TRADE BLOCS

Trade blocs may consist of regional economic organization within free trade areas which eliminate tariffs on products sold by partner countries in each others territory. Members of the free trade area may maintain trade barriers for imports from non-member countries. Alternatively customs unions or common markets in free trade areas agree to maintain a common external tariff on imports from non-member countries. All internal barriers are eliminated to permit the free flow of labour, goods and services within participating countries.

Current trade blocs are listed below.

- . European Community (EC)

The original EC, as established by the Treaty of Rome in 1957, consisted of Belgium, France, West Germany, Italy, Luxemburg and The Netherlands. The United Kingdom, Demark and Ireland joined in 1973, Greece in 1981, and Spain and Portugal in 1985. Since 1985 common agricultural tariffs have applied to all imports outside of the customs union. Favourable trade conditions were extended to 55 African, Carribean and Pacific countries, the majority of which were former colonies or trust territories of member countries.

- . European Free Trade Association (EFTA)

The EFTA, as established in 1960, consisted of Austria, Denmark,

Norway, Portugal, Sweden, Switzerland and the United Kingdom. Finland and Iceland joined at a later date. Since the United Kingdom, Denmark, Ireland and Portugal have joined the EC, the significance of the EFTA has decreased.

. Latin American Integration Association (LAIA)

The LAIA was established in 1960, with Argentina, Bolivia, Brazil, Chile, Columbia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela as members. Five members, Bolivia, Columbia, Ecuador, Peru and Venezuela, additionally form the Andean Group.

. Central American Common Market (CACM)

The CACM was formed in 1961, with Quatamala, El Salvador, Honduras, Nicaragua and Costa Rica as members.

. Carribean Common Market (CARICOM)

The CARICOM was formed in 1973, with Jamaica, Trinidad, Tobago, Barbados, Guyana, Antigua, St. Kitts-Nevis, Anguilla, Montserrat, Dominica, St. Lucia, St. Vincent, Grenada and Belize.

. Iron Bloc Countries

The Iron Bloc countries form another trade bloc, but are not

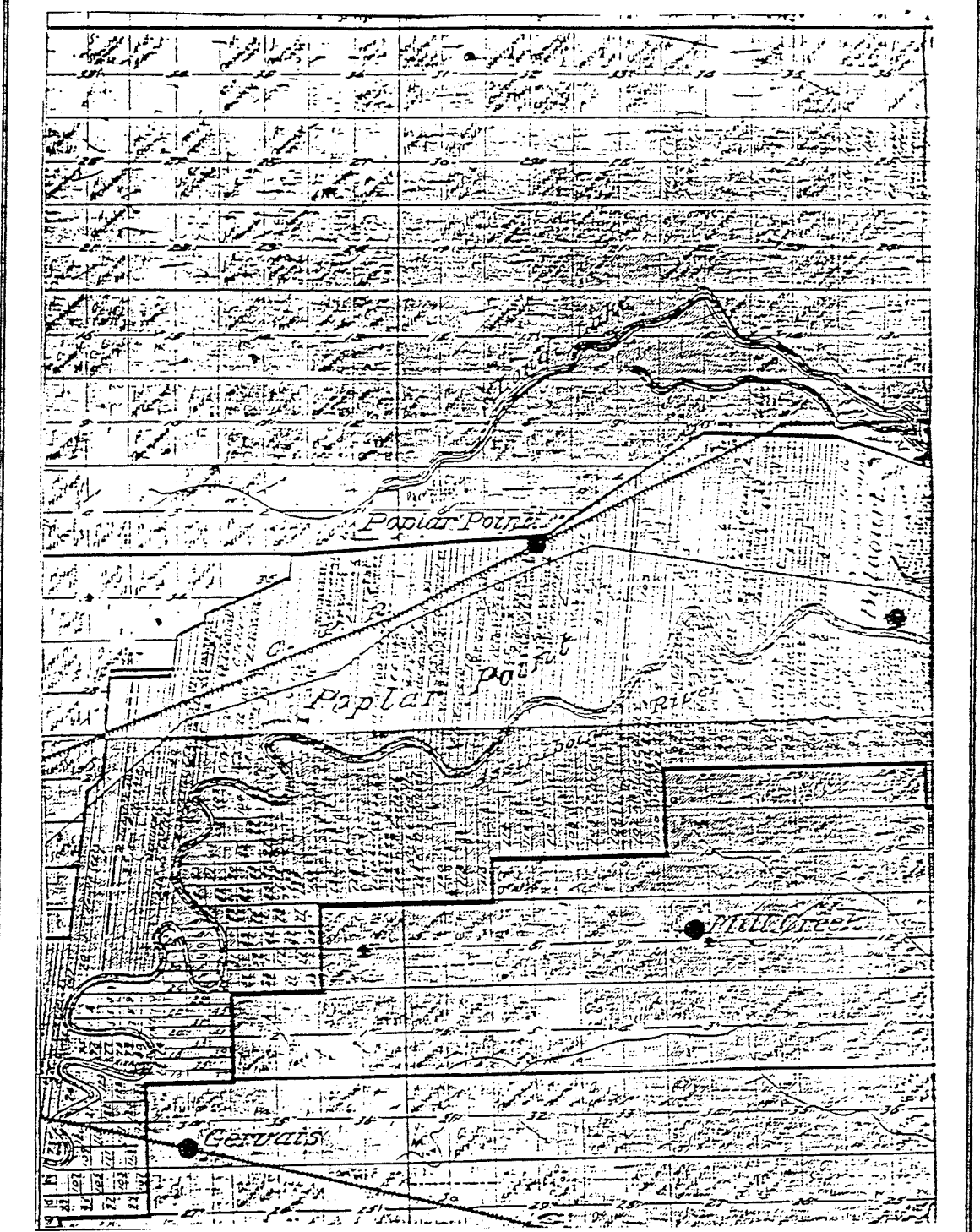
officially organized under a trade association title.

. Canada-United States

Canada and the United States established a free trade agreement in 1990.

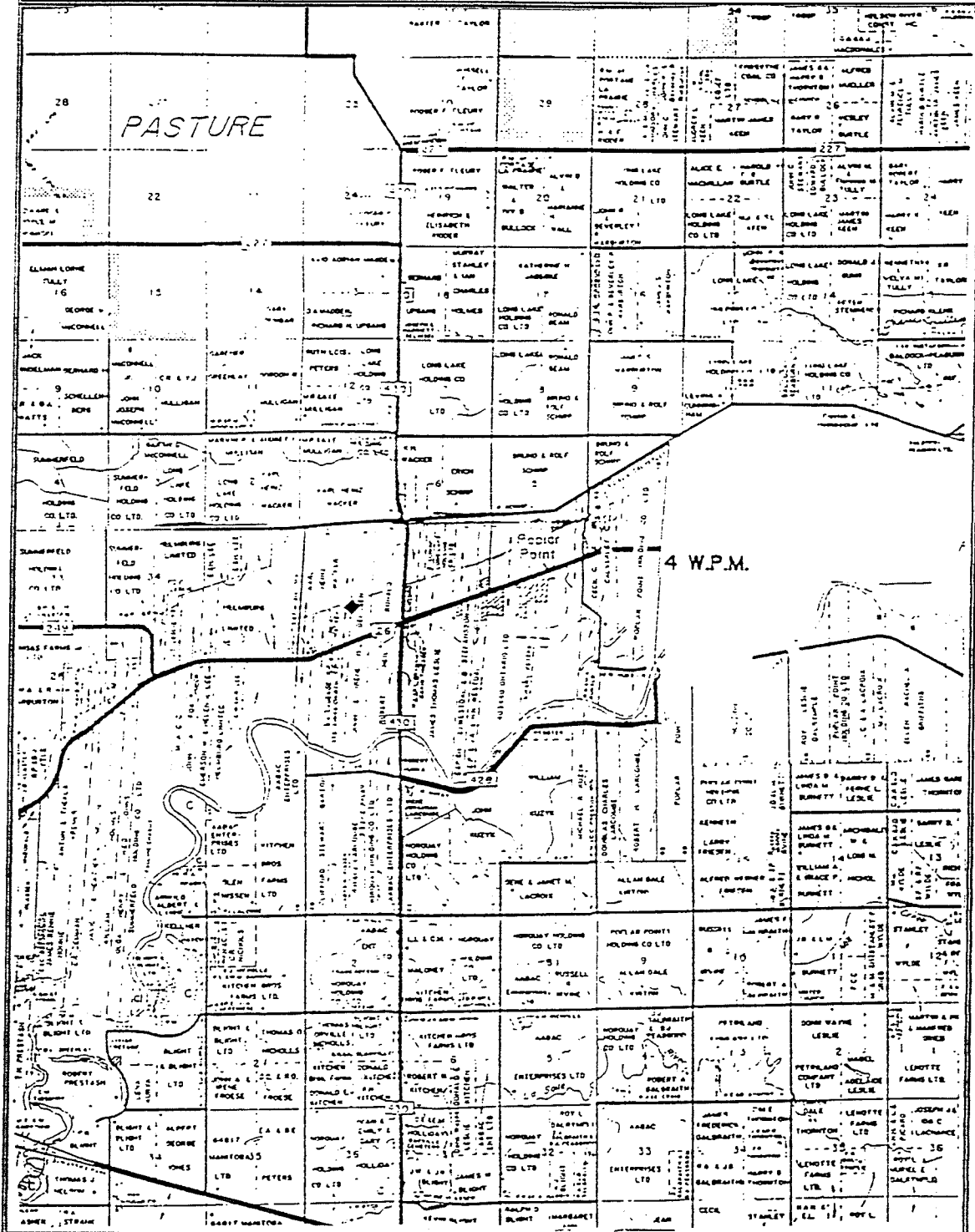
Trade barriers serve as a method by which countries can protect their own producers and markets. They are generally based upon political maneuvering and may be established in one industry to counter trade conditions in another sector. Trade barriers represent a major concern within the international market. The goal is fair competition and elimination on unjustifiable protection measures which may potentially lead to violent retaliation.

MAP 2  
FARMS IN POPLAR POINT TRADE AREA IN 1920



Source: Fort la Reine Museum, Portage la Prairie, Manitoba

### MAP 3 FARMS IN POPLAR POINT TRADE AREA IN 1990



Source: Repro Map, Dauphin, Manitoba.

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