# Resource-Based Communities





**Exploring Rural Canada** 

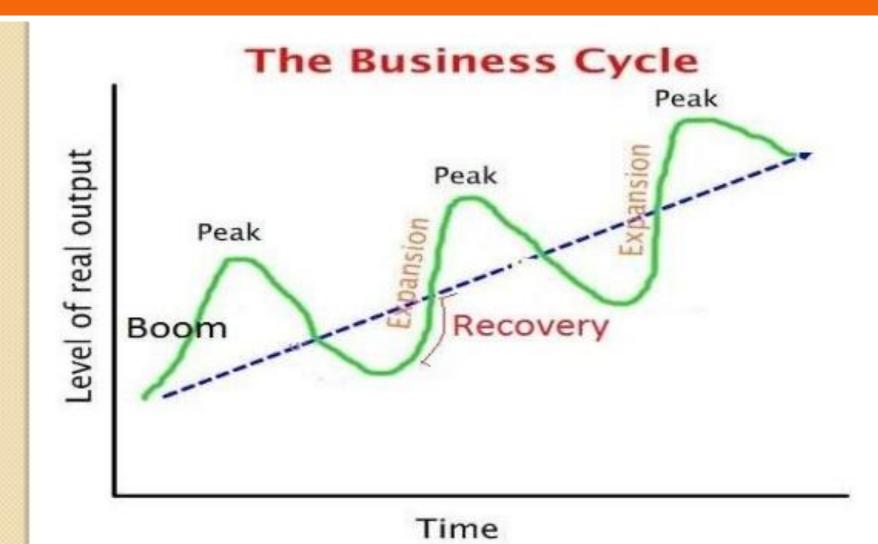
### **Resource-based Communities**

- 20% of Canadians live in scattered rural communities
- Most of these communities have grown around a primary industry
  - Fishing, forestry, mining
- These communities face both major opportunities or major challenges...



#### **Business Cycle**

- Can provide excellent employment depending on demand for the product and the skills required.
  - Leads to opportunities for businesses in that community
- Mowever, much profit from selling this resource doesn't come back to the community
  - Back to shareholders of company
- There is little **Accumulation of Capital** in resource-based communities
- Also, resource could run out or demand for it could drop
  - Lead to serious economic challenges
- This is the **Business Cycle** of resource-based communities



#### **Example...Cod Moratorium**

- Many of these small communities struggle during these times
  - Struggle to retain infrastructure like schools and hospitals
- Example: Cod Moratorium (1992)

Federal Government placed a moratorium (ban) on

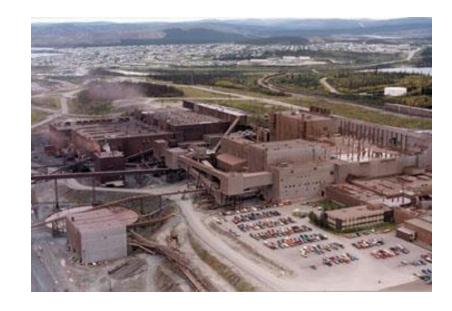
cod fishing

 Many fish plants and employees without work (moved to larger urban centres)



#### Example...Labrador City in 2013

- Only a few years ago Labrador City experienced significant economic growth
  - Expansion of IOC
  - Potential for junior mining companies such as Alderon
- Demand for iron ore (used to make steel) soared
  - Especially from China and India
- Although this growth is great for the community, there are still challenges
  - Availability and cost housing



### Example...Labrador City in 2014

- With the sudden drop of ore prices the future now seems uncertain.
  - Wabush Mines shut down
  - Expansion on hold
  - Alderon in survival mode
- New Challenges emerge...
  - New workers left with large mortgages and depreciating value.
  - Town of Wabush losing income
  - Local business suffering
  - Concerns about future layoffs, shutdowns etc.
  - Boom and Bust!!



## Changing Demographics

#### Mhy are these rural communities in decline?

- Lack of work due to less demand or less abundance of resource
- Lack of basic services due to the high cost of providing them
- Technological changes automating jobs once done by humans
- Immigrations often prefer to relocate to cities
- Young people forced to leave to pursue other opportunities

Are these trends likely to continue into the future? Can rural places be saved? Should they be?



### Resettlement

- Resettlement in Newfoundland and Labrador terms was an organized attempt to centralize the population into growth areas.
- Three attempts of resettlement were initiated by the Government between 1954 and 1975 which resulted in the abandonment of 300 communities and nearly 30,000 people moved.
- Government's attempt of resettlement has been viewed as one of the most controversial government programs of the post-Confederation Newfoundland and Labrador.
- The social change caused by resettlement has appeared in some works of literature and music



