

Economic Rehabilitation

point particularly well. This food commodity which was produced and found to be extremely attractive to the large urban areas, was immediately cut off from shipment to the United States by import tariffs on the part of that country. Hence the only market left—and it was an uncertain one—was that in Montreal, central Ontario and the western regions of Canada.

To my mind those are the five main factors in the location of industry; transportation, energy resources, labour, raw materials and markets. Those are things you must examine if you are going to try to produce a climate in which the development of secondary industry will take place.

What are the most important of the above factors? The balance changes, of course. In the extractive industries I think close proximity to the market is not a main factor. Let us take the example of aluminum. The aluminum producing plant is taken to the source of supply of the hydroelectric power necessary to produce the aluminum. In aluminum we are really exporting huge quantities of hydroelectric power because that, of course, is the main ingredient in aluminum. All the ore that is used in the manufacture of aluminum is imported. On the other hand, exports of aluminum go everywhere. It is not merely a question of close proximity to the market. It is a question of the availability of huge quantities of energy resources in the form of hydroelectric power, and that is that.

In pulp and paper we have the same thing. You also need a source of hydroelectric power in addition, of course, to the spruce forests or what have you necessary to produce your pulp. We have had troubles, however, with the company town problem or the ghost town problem, as it has been termed, in these extractive industries. In northern Ontario there are two towns, namely Kapuskasing and Espanola, which are good examples of how this problem can work. I want to read a short extract from a book called "Introduction to Political Economy" by Professor V. W. Bladen of the University of Toronto. He outlines briefly the two contrasting pictures of Kapuskasing and Espanola. I quote from Mr. Bladen's book as follows:

The pulp and paper plant must be located near the source of wood, and, therefore, generally far from the centres of population. To provide the necessary labour supply it is necessary to provide a town for the workers to live in. Spruce Falls Power and Paper Company, for instance, is located at Kapuskasing in the midst of 5,000 miles of spruce forest.

I should interject here that this was written in 1941 and the figures must be related to that time. However, the example still holds.

Mr. Gillis: It is still good.

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Mr. Enfield: It is still good.

In the first great war a prison camp was located here because it was so far from anywhere that prisoners had little chance of escape. At this inaccessible point the company needed a labour force of about 1,000 men. They therefore built an entire town of 35 blocks, with 2 community centres, 3 churches, public and high schools, and 325 company houses. There are in addition many privately owned houses. Its population in 1940 was 3,500. The company's investment in the town is nearly \$5 million. The town is organized as a municipality. This is the company town at its best—

Now, leaving that for a minute I may say that Kapuskasing is lucky. The company has continued to flourish and it is still a flourishing community. But look at the vulnerability of the people in Kapuskasing, dependent entirely on one company for their livelihood.

I am now quoting Professor Bladen again:

The story of Espanola is less happy. In 1928 it was a flourishing community of nearly 4,000. There was no municipal organization, the town being governed autocratically by the Spanish River Pulp and Paper Company. The company had built the town, provided the water and electricity, laid sewers, built streets and sidewalks. It established and maintained good schools; and even built the churches. The workers' houses were leased for \$17.50-\$22.50 per month. They were comfortable, well-built houses with all conveniences including a furnace. Water and electricity were free, and there were no taxes since the company ran the town. The stores, the bank, the skating rink, theatre, community hall, the hotel and boarding houses were all owned by the company and either operated or leased by it . . . In 1930 the mill was closed and has never operated since.

I think, interjecting again, that since this was written Espanola has again come to life with the resuscitation of the company.

Some of the skilled workers were moved to other Abitibi mills; others left in search of employment. In 1940 there were 1,200 left, of whom 1,000 were on relief. The company continued to maintain the water supply and the electricity supply, and kept the school open. Espanola gives a lesson in the danger of a town depending on one mill.

That, I think, illustrates the danger and the problem, very graphically, of the two towns. There has been an interesting development in Espanola since that time. In about 1948 the town was operated by a company called the K.V.P. fine paper company, and a local group of citizens brought action against the company to prevent pollution of the waterway. The case went through the normal trial court, the supreme court of Ontario; from there to the Ontario court of appeal and to the Supreme Court of Canada. Finally it went to the privy council, and the privy council held that the local residents who complained about pollution were correct in their claim, and upheld an injunction to prevent the company from further pollution of the waterway.