The Power Politics of Regional Deindustrialization: The Cape Breton Development Corporation, State Ownership, and Pit Closure in Canada's Coal Industry 1967-2001

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ABSTRACT

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William Gillies

The Cape Breton Development Corporation (DEVCO) was an ambitious attempt by the Canadian federal government to manage the deindustrialization of coal mining on Cape Breton Island, Nova Scotia. Created in 1967 by nationalizing the unprofitable collieries, DEVCO's original mission was to incrementally close them, while fostering an alternative economic base in the area. The mines operated until 2001 when they finally closed. DEVCO has primarily been studied as an example of federal regional development policy, as it experimented with many projects to stimulate economic growth. However, DEVCO's Coal Division has remained almost entirely unstudied, despite much more money, and outliving the regional development programs. Not only that, managed wind-down was quickly abandoned, and from 1973 the Coal Division expanded, a process that continued into the 1980s. In this thesis I argue that the Coal Division's history significantly modifies our understanding of DEVCO, as regional development was only one factor in the crown corporation's trajectory. Those other factors mostly related to coal, which the Canadian state was deeply entangled with through energy policy, labour relations, and political patronage. Furthermore, as a state-owned enterprise, DEVCO had key differences from private sector deindustrialization, as this formally politicized pit closure and made governments vulnerable to pressure from those most impacted. DEVCO was a unique response to deindustrialization, which has some enduring implications for fossil fuel infrastructures today.

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Abbreviations

BESCO (British Empire Steel Corporation)

DEVCO (Cape Breton Development Corporation)

DOMCO (Dominion Coal Company)

DOSCO (Dominion Steel and Coal Corporation)

DREE (Department of Regional Economic Expansion)

DRIE (Department of Regional Industrial Expansion)

ECBC (Enterprise Cape Breton Corporation)

GMA (General Mining Association)

LAC (Library and Archives Canada)

NCB (National Coal Board)

NDP (New Democratic Party)

NSPC (Nova Scotia Power Corporation)

NSPI (Nova Scotia Power Incorporated)

PC (Progressive Conservative Party)

PWA (Provincial Workmen's Association)

SYSCO (Sydney Steel Corporation)

TMX (Trans Mountain Expansion Pipeline)

UMWA (United Mine Workers of America)

PREFACE

The winter winds are bleak and drear,
Methinks I better move from here;
Fly, fly, Old Timer, fly away
Before that dark December day
When gloom descends upon the town
And when the mines are all shut down,
When idle workers walk the street—
Up, Up, Old Timer, work your feet.
Hark ye the hungry people's cries,
The birds have left (and the birds are wise)
Were naught but wisdom now methinks
To leave the ship before she sinks.
—"Go West, Young Man, Go West," Dawn Fraser, 1925[1]

Before that dark December day, I went west to look for work. In early November 2011 my partner and I drove from Cape Breton Island, Nova Scotia to Calgary, Alberta with what possessions we could fit in an old Honda Civic. It took five days, a flat tire in Wawa, Ontario and a muffler replacement in Winnipeg, Manitoba, but we made it alright. It helped that the highway was well paved by the generations of outmigration from the island that had gone before us, providing rest stations along the way, and a place to stay until we found work. I knew that Cape Breton's historical lack of work resulted from the collapse of the coal and steel industries, but this hardly seemed surprising. The economic decline had been going on since long before I was born and had acquired the quality of natural inevitability long before I left. That first month in Calgary marked the tenth anniversary of when Cape Breton's final colliery, Prince Mine, closed with the loss of 270 jobs.[2] It was an unremarkable and unnoticed date as I wrote cover letters in my aunt's basement. After two months I got employment as a cartographer in the oil industry,

[1] Dawn Fraser, "Go West, Young Man, Go West," in *Echoes from Labor's Wars: The Expanded Edition*, eds. David Frank and Don MacGillivray (Wreck Cove, NS: Breton Books, 1992), 53-54.
[2] "Cape Breton's Last Underground Coal Mining Closing," *Canadian Broadcasting Corporation*, November 22, 2001, https://www.cbc.ca/news/canada/cape-breton-s-last-underground-coal-mine-closing-1.296787.

hired in part because my new boss was also born in Cape Breton, having moved west decades earlier. Leaving is wise — there are no jobs, so you must fly.

Dawn Fraser's poem, written nearly a century ago, showed an already established migratory pattern for Cape Bretoners in response to closure. Every generation thinned by departure, always heading west, as east is the ocean, but the west has differed through the years. Across the Strait of Canso, the North American mainland sprawls away beyond the horizon. The mills of the 'Boston states' at the turn of the twentieth century; Detroit auto-plants between the wars; the post-war good life in southern Ontario's factories; the roaring Alberta oil booms since the 1970s; and many other places besides. This is quite visible in demographic statistics about Cape Breton. The island's population peaked at 170,866 in 1976 and then fell every census until 2021 when it registered a nine person increase over 2016, climbing to 132,019, which was a twenty-three percent decrease in less than fifty years. The population decline significantly accelerated after 1984, and between 1996-2001 enumerators clocked a record 10,817 people leaving — a staggering seven percent drop.[3] Most people do not come back, and sociological research has found this widespread outmigration experience has produced particular collective anxieties about departure and return in Cape Breton society.[4]

This means that leaving is a well-trodden cultural trope about the island. Kate Beaton, in her 2022 comic book memoir *Ducks* picked up the theme of migratory birds in chronicling the gravitational pull Alberta exerted on young people in Cape Breton. Under the province's vast northern wetlands lay the Athabasca oil sands, a new resource frontier of fossil fuel extraction that was hungry for workers in 2005. With little job prospects at home and a pile of student debt

[3] Statistics Canada, Table 17-10-0117-01 Selected Population Characteristics, Canada, Major Drainage Areas and Sub-drainage Areas, https://doi.org/10.25318/1710011701-eng.
[4] Harry H. Hiller, *Second Promised Land: Migration to Alberta and the Transformation of Canadian Society* (McGill-Queen's University Press, 2009), 335-338.

from a history degree, she overcame her uncertainties about leaving because she knew "that's where people go for good money."[5] Her mother was opposed because she might not return, but Beaton countered that her mother had gone west and came back. Her mother conceded that, but of her siblings, "where are the rest now but in Ontario still, and they didn't come back!"[6] Ontario was the destination in the 1970 film *Goin' Down the Road*, about the misadventures of two Cape Breton job-seekers. The film opened with them driving west away from scenes of overgrown mineworks and ending with their moral degeneration on Toronto streets, pushing them to flee further west still. While the deindustrialized context for their journey was clearly depicted thanks to director Don Shebib's commitment to social realism, the film helped cement Canadian public perceptions of Cape Breton migrants that could then be easily satirized by television sketch comedy.[7] For literary scholar Peter Thompson, culture "reveals the tension between stereotypes [...] and social cleavages such as outmigration, overexploitation of natural resources, the persistence of racism, the crisis of masculinity, and environmental degradation."[8] That tension means these concepts can be naturalized where the "romantic version of Nova Scotia recasts outmigration as evidence of an adventurous and footloose (Scottish) culture[.]"[9]

Neither Fraser or Beaton fall into that trap, but instead invoke metaphors of natural cycles to draw attention to the human processes behind outmigration. Fraser's winter winds were the stormy social conflicts that gripped the Cape Breton coal fields in the first quarter of the last century. The year he wrote it, 1925, culminated in a general strike that was violently put down. Strikers were evicted from company housing, and the water and power were turned off as a

[5] Kate Beaton, *Ducks: Two Years in the Oil Sands* (Drawn & Quarterly, 2022), 21-28.
[6] Ibid.
[7] *SCTV Network*, season 2, episode 3, "Sammy Maudlin Show 23rd Anniversary/CBC," directed by John Blanchard, aired November 5, 1982, National Broadcasting Company, TV, https://www.youtube.com/watch?v=ciuXcpKxSl8.
[8] Peter Thompson, *Nights Below Foord Street: Literature and Popular Culture in Postindustrial Nova Scotia* (McGill-Queen's University Press, 2019), 10-11.
[9] Ibid.

pressure tactic. A confrontation at the Waterford Lake pumping station on June 11 escalated when police opened fire on the crowd, killing the miner William Davis. In response, strikers burned the company stores, and the military was deployed to impose order. Industrial crisis, corporate mismanagement, rampant unemployment, and intensely militant workers produced a violent class war that was the subject of much of Fraser's poetry.[10] Beaton's eponymous ducks die poisoned in a tailings pond, a byproduct of oil sands mining. Mitigation measures to scare migrating birds away are announced in a company meeting, along with bland condolences for the workplace death of Gerald Snopes. The fate of birds and people was a repeated juxtaposition for Beaton. Her working life vignettes were punctuated by illustrated intertitles of wrinkled plane tickets and distant gulls, or images of snow-dusted auto wreckage on Alberta Highway 63 and slick-coated seafowl dead in the bulldozer ploughed toxin lakes at the road's terminus.[11] Both authors talk about birds to denaturalize why people leave Cape Breton.

This thesis is my attempt at grappling with why I left, although it is not a personal account, and more really about the underlying causes rather than out migration itself. Instead, it is an examination of the island's deindustrialization with specific focus on the end of Cape Breton coal mining. It was not a natural or inevitable process, but an intensely political one, which Beaton angrily remembers as "full of news conferences where important men crush local industries like a cigarette under a shoe, while people with accents like my own desperately demand to know how they will live now."[12] That was how the final pit closure announcement was delivered on 16 May 2001 by federal Natural Resources minister Ralph Goodale, leaving

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[10] David Frank and Don MacGillivray, "Introduction: Dawn Fraser & Cape Breton," in *Echoes from Labor's Wars*, xii-xiv.
[11] Beaton, *Ducks*, 119-120, 325, 328-331, 346-351.
[12] Ibid, 12, 358-361.

miners and their communities "contemplating an uncertain future."[13] This is a story that opens and closes not with the seasons, but in press conferences.

[13] Canadian Press, "Last Cape Breton Coal Mine Closed," *The Globe and Mail*, May 17, 2001, A9.

INTRODUCTION: THE CAPE BRETON COAL PROBLEM

On 29 December 1966 the Canadian federal government of Liberal Prime Minister Lester B. Pearson announced that it was nationalizing all the collieries belonging to the Dominion Steel and Coal Corporation (DOSCO) on Cape Breton Island to prevent their immediate closure. In the press release, the federal government understood the "Cape Breton coal problem" was "essentially a social one." It publicly stated that it was out of concern for "the well-being of individuals and their communities that the federal government is prepared to assist, on a massive scale, the transition of the area from dependence on a declining natural resource to a sound economic base." There was to be no "rigid adherence to a fixed time-table" for pit closure, but the coal industry would get $25 million for rationalization to find efficiencies and avoid job loss for miners too young to receive the promised early retirement package. Another $20 million dollars was pledged for use "within the context of a comprehensive economic plan for the redevelopment of the Cape Breton economy." Concluding their Christmas holiday press release, the Pearson government claimed this intervention was without precedent, yet "realistic in approach and bold in concept."[14] All this was to be implemented by a new federal entity called the Cape Breton Development Corporation (DEVCO) which operated from 1967-2001.

Cape Breton in the late twentieth century was the site of significant state intervention intended to ameliorate the decline of the coal and steel industries. Successive postwar federal governments took an active interest in regional development to iron out economic disparities in places such as the Canadian Maritime provinces. Various departments, agencies, and crown corporations (state-owned enterprises) poured money into the region with debatable effect.[15]

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[14] LAC, Douglas H. Fullerton Fonds, Cape Breton Development Corporation, [Agreement & Policy establishing Devco], Policy Statement by the Prime Minister Cape Breton Coal, 1966-12-29, R14521-133-8-E, Volume 19.
[15]James P. Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development* (University of Toronto Press, 1990), 6-9.

DEVCO was the most ambitious attempt at this, founded with a dual mandate to gradually wind-down the island's coal industry while fostering alternative economic development to soften social impacts. One such redevelopment project in the 1970s airlifted sheep from Scotland to kickstart a new farming sector, and was the subject of a promotional documentary. Scottish Gaelic lyrics set to warm analog synths combined with visuals of agrarian rhythms gave *Song of Seasons* a dreamy pastoral quality that fortified a perception of Cape Breton as rural idyll populated by a timeless Scottish-Canadian folk. The only hint of the industrial present that DEVCO was grappling with appeared briefly as the camera panned over the paddock of imported sheep and the hulking steel plant at Sydney was glimpsed in the background.[16]

The failure of the sheep farming project, one of DEVCO's many unrealized schemes, has made the crown corporation the subject of some study. In his history of the sheep, Will Langford noted that "DEVCO provides a compelling way into the history of regional development in Canada."[17] The Canadian state wanted "to make capitalism work for Cape Breton," using transition subsidies and sponsored entrepreneurialism to stimulate local economic growth to provide stable employment. The federal government tried to build the conditions to attract sustained private investment, with the long-term aim of making further state intervention unnecessary.[18] Scholars of DEVCO have largely focused on the regional development aspect, and correctly identified the core problems that explain its foundering. DEVCO's developmentalist project was tasked with altering the spatially uneven nature of capitalism itself, using limited resources that were subject to the political whims of Ottawa. In fact, DEVCO's Industrial Development Division was assigned about four percent of the crown corporation's

[16] *Song of Seasons*, directed by Grant Crabtree (Cape Breton Development Corporation, 1977), 11:20. https://www.youtube.com/watch?v=4lJsBdKg7sc&list=PLkC-AcD9RTxt5og3bx5B_FUFMM87dH6EJ&index=72.
[17] Will Langford, "Trans-Atlantic Sheep, Regional Development, and the Cape Breton Development Corporation, 1972-1982," *Acadiensis* 46, no. 1 (Winter/Spring 2017): 25-29.
[18] Will Langford, *The Global Politics of Poverty in Canada: Development Programs and Democracy 1964-1979* (McGill-Queen's University Press, 2020), 174-176.

budget and five percent of the staff until it was spun-off in the late 1980s, leaving only the Coal Division.[19] In the period when it was at its apex, 1968-1977, Langford pointed out that it spent $50 million, only one-eighth of the $400 million total outlay, with the rest being spent on coal mining.[20]

DEVCO's funding priorities triggered my overriding research question. Why does the vast majority of the money get poured into the Coal Division? It was at odds with the founding mission of incremental closure and redevelopment, especially when the money was used to open new mines starting in the mid-1970s. Instead, what other factors besides regional development policy shaped DEVCO's history? Energy policy was significant here, and the latter part of DEVCO's history when it was only coal, is barely examined. And with coal there are fruitful comparisons with deindustrialization scholarship on pit closure elsewhere. So how might deindustrialization scholarship modify understandings of DEVCO? It has some important parallels to the publicly-owned British National Coal Board (NCB), which has much written about its end.[21] Furthermore, regional development frameworks by themselves have limits when approaching DEVCO, as there is the complicated issue of how underdevelopment and deindustrialization interrelate for Cape Breton. However, regional development literature heavily analyzes the role of the state, so what can it explain about deindustrialization under state ownership? Most deindustrialization scholarship in North America focuses on the private sector. While it does dispute perceptions that it was inevitable, as "conscious decisions were made by corporate executives to shift production," with public ownership such choices were explicitly conscious ones, since there were broader political considerations than only profit maximization.[22]

[19] Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development*, 295.
[20] Langford, *The Global Politics of Poverty*, 210-211.
[21] Huw Beynon and Ray Hudson, *The Shadow of the Mine: Coal and the End of Industrial Britain* (Verso, 2021), 37-39.
[22] Steven High, *Industrial Sunset: The Making of North America's Rust Belt, 1969-1984* (University of Toronto Press, 2003), 8-9.

In particular, DEVCO was created precisely so the Canadian state could manage closure and direct regional development. DEVCO's Coal Division offers an unusual confluence of state power and deindustrialization, yet its history has remained almost entirely unstudied.

DEVCO was fundamentally, from start to finish, a coal company. Solving the drawn out postwar Cape Breton 'coal problem' was the primary reason for its creation, and what to do with the industry was the central issue that occupied DEVCO planners. For much of this history, and which started remarkably early on, those planners decided to expand coal production. Expansion was not a response to the failures of economic alternatives, but accompanied the most ambitious phase of redevelopment on the island in the 1970s. DEVCO was not only ameliorating an industrial capitalist crisis by supplanting it with regional development, but also mediating the ongoing process of pit closure. When economic futures beyond coal were being debated, they happened alongside, and were usually dominated by, the highly contested wrangling over whether coal should firmly be a thing of the past. Workers, communities, governments, and even DEVCO planners themselves were not always convinced that the end of coal was naturally ordained. Instead, the mines well outlived the regional development programs intended to replace them. Coal was not merely the catalyst for DEVCO, but was central to its historical trajectory.

DEVCO emerged from long embedded histories of state intervention in Cape Breton. Those histories made nationalization the only politically feasible alternative to closure, and informed why salvaging coal ultimately took precedence over substituting it until the very end. Despite the confident language of planning in an era when the Canadian state was most activist, DEVCO was a reluctant creation. Prior to that point, successive federal governments from Liberal and Progressive Conservative parties had opposed public ownership of the mines, but were drawn into a complicated arrangement of subsidies, tariffs, and regulations to keep DOSCO viable.[23] However, the failure of these policies coincided with a federal government newly interested in shoring up lagging regional economies, particularly in the Atlantic provinces. Sudden closure, throwing thousands out of work, threatened to frustrate those aims.[24] Yet by nationalizing, the Canadian state absorbed many competing histories and intractable problems it had a hand in developing, such as violent labour unrest, resentments over the uneven national prosperity, or the infrastructure and geopolitics of energy. These were conflicts about how capitalism was to be managed and for whose benefit, which played out on the terrain of struggle that was the postwar Canadian state.

Together, those two points tell us that DEVCO was a state-owned coal company. This seems obvious, but there is more to it than first appears. The form it took was integral to how it evolved over nearly thirty-five years, and essential to historical analysis. Nationalizing Cape Breton coal incorporated decades of disparate federal policy into a single vehicle. It was a relatively novel choice in response to deindustrialization, although the primary federal policy goals that animated DEVCO, regional development and energy, were somewhat obliquely related to the problem. However, state-ownership allowed for more direct federal intervention than was previously achievable, but also made it possible for workers and communities to subject DEVCO to new kinds of pressure. DEVCO's creation formally politicized closure and made the Canadian state responsible for managing deindustrialization. In my history of the Coal Division, I am making an argument in two parts, although they heavily intersect. Firstly, DEVCO was about more than regional development, and those other factors were mostly tied to coal. Secondly,

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[23] Allan Tupper, "Public Enterprise as Social Welfare: The Case of the Cape Breton Development Corporation," *Canadian Public Policy/Analyse de Politiques* 4, no. 4 (Autumn 1978): 534-536

[24] P.E. Bryden, "The Limits of the National Policy: Integrating Regional Development into the Federal Agenda," *The American Review of Canadian Studies* 37, no. 4 (Winter 2007): 481, 483-484.

DEVCO as a state-owned enterprise exhibited key differences from private sector deindustrialization, which was particularly unique in the North American context. The Coal Division heavily shaped DEVCO's history, but exactly how has not been researched before.

The remainder of the introduction lays out two broad concepts that inform my historical analysis of the Coal Division. These are regionalism and the Canadian state. Woven into this is a discussion of how deindustrialization literature engages with these concepts, and why it is necessary to understand DEVCO in terms of industrial closure. Together these provide the framework for a critical policy history of DEVCO using primary sources that are mostly government documents. The framework also helps focus my narrative when examining what was a very complicated and sprawling history.

The Deindustrializing Region Under Development

Regionalism has dominated understandings of Cape Breton's history. Scholars regularly characterize the island and the wider Maritimes region as an underdeveloped resource periphery dependent on the industrialized core of central Canada. A region "vulnerable to the whims of externally based capital and a distant federal state," from at least 1945, if not since Confederation. Often employing a heavily modified dependency theory, these works have been highly critical of regional development policy's failure to grapple with the spatial disparities of Canadian capitalism.[25] For geographer David Harvey that is a result of the world market where the accumulation and circulation of capital enriches or impoverishes different places. The region is shaped by investment distribution patterns, which generate particular development histories.[26]

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[25] Gary Burrill and Ian McKay, "Dependency and Resources in the Atlantic Region: An Introduction," in *People, Resources, and Power: Critical Perspectives on Underdevelopment and Primary Industries in the Atlantic Region*, eds. Gary Burrill and Ian McKay (Gorsebrook Research Institute, 1987), 1-10.
[26] David Harvey, *Spaces of Global Capitalism: A Theory of Uneven Geographical Development* (Verso, 2006, 2019), 142-144.

Regional development theory is useful in challenging the often 'Ontario-centric' self-perception of the national political economy, particularly around deindustrialization. When accelerating factory closure in southern Ontario began registering with scholars and activists in the early 1970s, Nova Scotia already had a fifty-year head start.[27] Combining regionalist perspectives with deindustrialization scholarship offers important insights for DEVCO, by flagging temporal as well as spatial differences in Canadian society. Cape Breton is both geographically peripheral and has experienced industrial economic changes.

However, "region is a slippery idea," argues Lachlan MacKinnon, who has extensively researched the industrial decline of Cape Breton. Instead, a region like Atlantic Canada is a contested space, that means different things to different people, and changes over time.[28] Steven High's work on industrial collapse in the American Midwest charted its metamorphosis from 'industrial heartland' to 'rustbelt' between the 1960s-1980s. He cautions us that the region is not a natural function of place, but a product of social processes, and deindustrialization is a significant factor in the reconfiguration of space.[29] Furthermore, regions reflect the exercise of state power. This is clear with provincial borders, but it goes well beyond that, says historian Ian McKay, to include what governments imagine a region to be, and shapes the policy they deploy. In twentieth century Nova Scotia, growing the tourism economy "figured centrally in strategies to cope with regional de-industrialization." In erasing the industrial past, a romanticized folk image more palatable for consumption by tourists was promoted. From the 1930s, "the state aggressively intervened in civil society to construct such a [tourism] plant by paving highways, developing hotels, inventing new ethnic and sporting traditions, and monitoring the steady

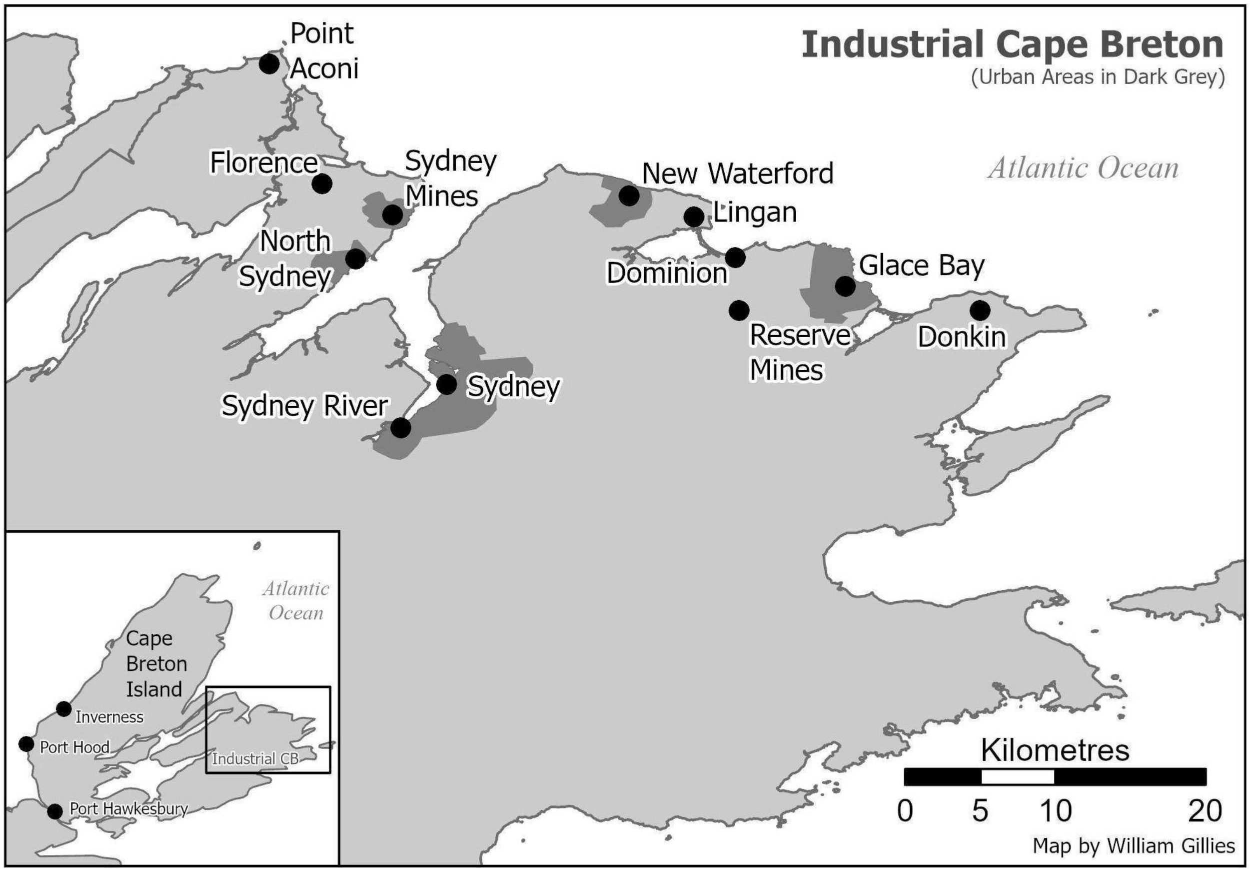
[27] Steven High, "The Radical Origins of the Deindustrialization Thesis: Dependency to Capital Flight and Community Abandonment," *Labour/Le Travail* 91 (Spring 2023): 40-42.
[28] Lachlan MacKinnon, "A Region in Retrospective: The History of Atlantic Canada, 2009-2019," *Acadiensis* 48, no. 2 (Autumn 2019): 230-231.
[29] High, *Industrial Sunset*, 18-21.

advance of the ‘industry.’”[30] Access to Cape Breton by the motoring public was improved by the artificial Canso Causeway by Port Hawkesbury, which fixed the island to the continent in 1955. The causeway plugged one exit from the Gulf of St. Lawrence, blocked the strong current through the strait, created an ice-free port, and had considerable ecological consequences.[31] With the causeway, the Canadian state intervened in nature to economically integrate the region.

When DEVCO arrived on Cape Breton in 1967 it came armed with many conceptions of the region. *Song of Seasons* was a strong example of one of those visions, where industry vanished to serve the needs of tourism as McKay persuasively argued.[32] Planners never had a single coherent regional conception, and the island was not a homogenous object to be acted on. The west coast was quite rural, contrasted with the urbanized eastern side centred on Sydney, formerly ‘industrial Cape Breton,’ the latter of which is the main geographic focus of my thesis (see Map 1). That geographic distinction did not come ready-made, but resulted from deindustrialization. Coal was mined on the west side too, following a broadly similar, if smaller scale, historical trajectory in a town like Inverness. It was incorporated around a pithead and tied to its fate just as much as the constellation of bigger coal towns on the east side, such as Dominion, Glace Bay, New Waterford, Reserve Mines, or Sydney Mines.[33] DEVCO had a mandate for the whole island, but at creation only nationalized the DOSCO mines while eliminating federal subsidies for the small independent operators.[34] This immediately doomed almost all of them, and the mine in my village of Port Hood closed in 1967. The bleating sheep

[30] Ian McKay, *The Quest of the Folk: Antimodernism and Cultural Selection in Twentieth Century Nova Scotia* (McGill-Queen’s University Press, 1994), 30-33.
[31] Courtney Mrazek, “The Canso Causeway: Doom, Gloom, and Boom in the Strait Area During the Twentieth Century” (Honours diss., Mount Saint Vincent University, 2015), 3-8.
[32] McKay, *The Quest of the Folk*, 274-277.
[33] Douglas F. Campbell, *Banking on Coal: Perspectives on a Cape Breton Community Within an International Context* (University College of Cape Breton Press, 1997) 29-33, 83-87.
[34] LAC, Douglas H. Fullerton Fonds, Cape Breton Development Corporation, [Agreement & Policy establishing Devco], Policy Statement by the Prime Minister Cape Breton Coal, 1966-12-29, R14521-133-8-E, Vol. 19, File 10.

echoing off autumnal hills in *Song of Seasons* was a certain conception of Cape Breton focused on an area where deindustrialization was allowed to finish, and replaced with a pilot project to redevelop the entire island.



Map 1: Industrial Cape Breton[35]

Any regional conceptions DEVCO imported or learned locally were continually challenged by the intended subjects of state intervention. The most contested one was pit closure itself and right through to the end it remained the central issue. Islanders were unwilling to give up on Cape Breton as an industrial region. While they framed their resistance in regional terms, their basic struggle was hardly unique. Resistance is well documented in deindustrialization scholarship about other places, showing a commonality in the "anger expressed by workers and

[35] This and all following maps have their base layers supplied by: "Natural Earth 1:10m," Natural Earth, accessed on January 5, 2025, https://www.naturalearthdata.com/. And also: "Education_County," New Dawn Enterprises, accessed on January 5, 2025, https://newdawn.ca/.

communities at their ongoing economic displacement."[36] Despite risking overgeneralization, making global comparisons allows identification of where resistance was locally unique. Regional development scholars of DEVCO, like James Bickerton, acknowledge the "uniqueness of its circumstances" but do not sufficiently explain what prompted the state's interventionist impulse beyond abstract class forces and government fears of provincial economic collapse.[37] Other deindustrializing localities in Canada and around the world pleaded their similar but special cases with much less success. In contrast, Cape Breton's unique local factors convinced the federal government that this region deserved state intervention. The malleability of region was a strength here, and Cape Bretoners contested federal conceptions to substitute ones more favourable to local industrial survival.

However, Cape Bretoners did not have a unified conception of their region either. They were suspicious that it really was the "Corporation's task to create employment opportunities alternative to coal, [and] this means in effect creating relatively high wage, male jobs."[38] While locals were skeptical about the replacement of coal, they had less comment on regional assumptions about gender and race. These were baked into DEVCO's mission too. Historian Fred Burrill reminds us that these things are very relevant in studying Canadian working class history. Settler colonialism conditioned who was worthy of government help, and is also a spatial process that structures what defines a given region.[39] Cape Breton, originally called Unama'ki is unceded Mi'kmaq land. European settlement and industrialization dispossessed the Mi'kmaq people, excluding them from the economic benefits. This dispossession has been reinforced by

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[36] Steven High, Lachlan MacKinnon, and Andrew Perchard, "Introduction," in *The Deindustrialized World: Confronting Ruination in Postindustrial Places*, eds. Steven High, Lachlan MacKinnon, and Andrew Perchard (UBC Press, 2017), 6-9.
[37] Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development*, 199.
[38] LAC, Douglas H. Fullerton Fonds, Cape Breton Development Corporation, [Agreement & Policy establishing Devco], Industrial Development Policy, 1967, R14521-133-8-E, Vol. 19, File 10.
[39] Fred Burrill, "The Settler Order Framework: Rethinking Canadian Working-Class History," *Labour / Le Travail* 83 (2019).

their regular omission from Cape Breton historiography. The Coal Division sits within this broader context, but I did not find more specific connections. DEVCO's regional development arm did have projects with the Mi'kmaq, sponsoring several oyster-farming schemes.[40] The Coal Division was largely a program to sustain white male breadwinner employment, although its successes and failures had impacts on those who did not fit in neat conceptions of the region.

The slipperiness of region poses problems for scholarly analysis, an issue McKay noted a quarter-century ago when considering Atlantic Canada within Canadian historiography. Historians puzzled over "the boundaries of the region [which] have shown a disquieting tendency not to behave like permanent fixtures on the landscape."[41] There was no comprehensive definition possible, but regionalism did still matter in explaining the past. With DEVCO, this problem is much more explicit since region was the most significant way governments, workers, and communities conceptualized the issues they faced. Deindustrialization as a term, was never used in any of the archival documents to describe what was happening. For my thesis I am not offering a clear definition of region, but it is an important heuristic for my analysis, as at the very least we have to be cognizant of how the concept was being deployed within DEVCO's history. The crown corporation's own full-island definition is a useful enough boundary for my purposes. However, also employing deindustrialization as an analytical frame reveals how Cape Breton was interlinked with bigger national and global socioeconomic dynamics through the late twentieth century. Regional underdevelopment and deindustrialization were not competing

[40] Will Langford, "The Great Spawn: Aquaculture and Development on the Bras d'Or Lake," *Labour/Le Travail* 91 (Spring 2023).
[41] Ian McKay, "A Note on 'Region' in Writing the History of Atlantic Canada," *Acadiensis* 29, no.2 (Spring 2000): 95.

explanations but interrelated, forming what MacKinnon calls an industrial periphery.[42] Combined together we see the complexities and contradictions of state intervention.

Reading the State

In her history of government-imposed relocations in postwar Canada, Tina Loo argued for a humanization of 'The State' "to render a picture of its agents that is as textured and empathetic as the one we have of the victims of relocation." She partly inverts E.P. Thompson's demand to centre the losers of past social transformations, so as to also do 'history from below' on the above.[43] The appearance of top-down intentionality might have characterized press releases, but the archival sources revealed a much more muddled approach by DEVCO, where policy-makers usually reacted in ad hoc ways to external changes and bottom-up pressures. This thesis relies very heavily on government documents, so there is a need for some theoretical conceptualization of the Canadian state in order to critically read its paper trail. In particular I argue that the Canadian state should be understood as a contested institution, both generally and specifically for deindustrialization. In a capitalist economy, closing factories, mills, and plants was the prerogative of their private owners, but this was never an apolitical process. Workers and their communities harmed by such decisions lobbied for their interests to be considered, and their target was often the state, the most formally political of social institutions. In a capitalist economy, most economic activity is privately controlled, so the state's role was largely one of allowing or restraining closure, which varied by national context, although by the 1980s states opted less and less for restraint.[44] Furthermore, the Canadian state did not offer favourable terrain

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[42] Lachlan MacKinnon, *Closing Sysco: Industrial Decline in Atlantic Canada's Steel City* (University of Toronto Press, 2020), 22-24.
[43] Tina Loo, *Moved by the State: Forced Relocation and Making a Good Life in Postwar Canada* (UBC Press, 2019), 6-7.
[44] Steven High, "A Fruitless Exercise? The Political Struggle to Compel Corporations to Justify Factory Closures in Canada," *Labor History* 63, no. 3 (2022): 297-300.

or allow equal standing to all its citizens as Loo and High make clear, but it was sometimes partly swayed. This contestation and power imbalance are key parts of DEVCO's history as a state-owned enterprise.

I rely on broadly Marxist formulations of the modern state and how it was structured and functioned in the industrialized capitalist world after 1945. The British sociologist Ralph Miliband, writing *The State in Capitalist Society* at the zenith of the activist state in 1969, pushed back against "exponents of the view of the state, and of themselves, as above the battles of civil society, as classless, as concerned above all to serve the whole nation, the national interest[.]"[45] Instead, a capitalist society had a capitalist state that was constrained by the structure of broader capitalist social relations, which were riven with conflict over the distribution of economic surplus in a dynamic system. Wealth ownership, which capitalism highly concentrated, conferred political power to define state priorities, so "if the national interest is in fact inextricably bound up with the fortunes of capitalist enterprise, apparent partiality towards it is not really partiality at all."[46] Following this, the capitalist state has performed two main roles: mediating disruptive class conflict, and managing capitalist development. The state should be "understood as the dominant socio-political institution that has evolved over centuries to underwrite the accumulation process, a sort of institutional guarantor in the grandest sense."[47]

Yet the capitalist state was not simply a tool of class domination. Canadian political economist Leo Panitch rejected the caricature "that [businessman] E.P. Taylor, after having eaten two or three babies for breakfast, calls Pierre Trudeau every morning and, amidst satisfied belches, gives the prime minister instructions on what the government should accomplish that

[45] Ralph Miliband, *The State in Capitalist Society* (Quartet Books, 1969), 72-75.
[46] Ibid, 72-75.
[47] Geoffrey McCormick and Thom Workman, *The Servant State: Overseeing Capital Accumulation in Canada* (Fernwood Publishing, 2015), 10-16.

day."[48] The capitalist state had a degree of autonomy to address issues that could destabilize capitalist society, so even conservative governments "have often been forced, mainly as a result of popular pressure, to take action against certain property rights and capitalist prerogatives."[49] However, such interventions were to protect the system, not dismantle it. The welfare state, Keynesian macroeconomic policy, legislated labour regulations, growing real wages, and the generally more equitable distribution of wealth that characterized the so-called 'golden age' of capitalism then peaking in early 1970s Canada, instead "reflected a blunt political trade-off between capital and labour that optimized the former's accumulation ambitions."[50] Nationalization, while normally opposed by capitalists, became a palatable option in certain circumstances where continued private ownership had such unacceptable downsides that the state felt compelled by the public to intervene.

Applying this theorization to Cape Breton history, it shows how the Canadian state was active in the coal industry, in managing its development and mediating the sometimes quite overt labour-capital conflicts. This was primarily for the benefit of the private mine owners, and often involved repressive violence. Dawn Fraser's poetry captured the state intervention of the 1920s: "They would choose these men to make the laws / That acted against the workers's cause, / And once when there was a strike in town, / These men sent soldiers to ride them down." The poem had a framing device, as a story told to children in an alternative 1994, long after the workers' cause had triumphed and the collieries expropriated for public benefit.[51] In actual 1994, publicly owned mines had existed for over a quarter-century already, but not as the heroic proletarian victory once imagined. Instead, DEVCO emerged from a capitalist state that eventually realized

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[48] Leo Panitch, "The Role and Nature of the Canadian State," in *The Canadian State: Political Economy and Political Power*, ed. Leo Panitch (University of Toronto Press, 1977), 3-5.
[49] Miliband, *The State in Capitalist Society*, 78-79.
[50] McCormick and Workman, *The Servant State*, 10-16.
[51] Fraser, "The Case of Jim McLachlan (A story told the [sic] children by an old man in the year 1994)," in *Echoes from Labor's Wars*, 20-30.

crushing strikes was not a sustainable policy, and that making some concessions for labour peace were necessary. Popular pressure did force the Canadian state to restrain capitalist prerogatives, but it was a partial victory for workers. Cape Breton miners from the 1930s were incorporated into a new framework of 'industrial legality' that granted rights but also imposed responsibilities within a bureaucratic web, largely in service of taming labour unrest. Well before DEVCO was even created, Cape Breton miners were enmeshed in a regulatory system that meant "in effect, the labour movement was 'nationalized.'"[52]

This historiography of Cape Breton coal prior to DEVCO has important insights about the role of the Canadian state which I pull forward into my period. The scholarship is mostly focussed on working class radicalism, but it revealed the labour unrest that made governments wobble between repression and reform for decades. While calmer postwar labour relations are of less interest to that focus, and consequently there is less research, the underlying radical experience remained a factor in how workers and the state approached deindustrialization. This is a significant point that modifies much of the existing DEVCO scholarship which examines it as a one-way exercise of state power on the problem of regional underdevelopment.[53] That framing is called out by historian Alvin Finkel, as the 'postwar master narrative' of social harmony and state benevolence following "the intricate pattern woven by wise Ottawa mandarins."[54] Instead, there was a more contested history. The Canadian state created DEVCO because there was a preexisting history that often enabled workers and communities to effectively press their demands. But the demand for public ownership got reconfigured by the state-led postwar reconstruction program in ways designed to avoid the same labour radicalism

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52 Michael Earle and Ian McKay, "Introduction: Industrial Legality in Nova Scotia," in *Workers and the State in Twentieth Century Nova Scotia*, ed. Michael Earle (Acadiensis Press, 1989), 13-16.
53 David Jackson, "Regional Economic Development by Crown Corporation: The Case of Cape Breton" (Masters diss., Memorial University, 2003), 1-8.
54 Alvin Finkel, "Competing Master Narratives on Post-War Canada," *Acadiensis* 29, no. 2 (Spring 2000): 188-189.

of the interwar. When legislating DEVCO in 1967 the Pearson government resisted pressure to expand its scope, and Cape Breton Liberal Allan J. MacEachen told Parliament they were not creating a "socialist island."[55]

Public ownership was a specific form of state intervention, and in the context of deindustrialization it had significant differences from private sector closure. Profitability could be subordinated to other considerations by the state, such as regional development, but doing this also politicized how profit otherwise dictated expansion or closure without regard for any other considerations. Public enterprise was even more susceptible than the state broadly to the same kinds of political pressure, giving workers and communities important leverage to contest deindustrialization. However, scholarship on state ownership is limited, and scarce since the 1990s privatization wave.[56] Canadian literature is usually quite old, and that is a particular problem for DEVCO literature, which was mostly published before the 2001 closure. Roy George is a typical example writing in 1981, when he evaluated DEVCO as a qualified success.[57] Furthermore, much existing work has mirrored the political justifications for privatization, so public ownership is "now widely analysed as a 'failed experiment,'" and not worthy of more study.[58] Writing off DEVCO as a simple failure would make for a puzzling encounter with its archives where many files document the investments made in its success.

[55] Crown corporations were not unusual in Canadian history, but were presented in limited pragmatic terms to complement capitalist development, such as underwriting transport infrastructure like the Canadian National Railway. In other words there was an "absence of an ideological drive to place industry in the government's hands." See Lloyd D. Musolf, Public Ownership and Accountability: The Canadian Experience (Harvard University Press, 1959), 4-6.; MacEachen quoted in Langford, *The Global Politics of Poverty*, 159-160.
[56] Miklós Szanyi, "Introduction: The Revival of the State," in *Seeking the Best Master: State Ownership in the Varieties of Capitalism*, ed. Miklós Szanyi (Central European University Press, 2020), 2, 9.
[57] Roy George, "The Cape Breton Development Corporation," in *Public Corporations and Public Policy in Canada*, eds. G. Bruce Doern and Allan Tupper (The Institute for Research on Public Policy, 1981), 381, 385-386.
[58] Jim Tomlinson, "A 'Failed Experiment'? Public Ownership and the Narratives of Post-War Britain," *Labour History Review* 73, no. 2 (August 2008): 228-229.

DEVCO was a state-owned coal company, but as the theorization above shows, explaining that requires cobbling together academic sources on the state, public ownership, regional development, labour history, deindustrialization, etc. There is good literature on Cape Breton steel's deindustrialization, which was also state-owned, but little for coal. In contrast to other countries, like France, Britain, and Germany, literature on Canadian coal's deindustrialization is thin. This has been partially addressed by very recent work such as Tom Langford's book on the economic ruin of the Crowsnest Pass coalfield in western Canada. However, Langford faces similar secondary source scarcity problems as me, and also uses international comparisons. Interestingly, he chooses an example from France's nationalized coal industry to understand state intervention in Canada, despite DEVCO potentially providing a domestic model.[59] Most of what else does exist often conceptualizes pit closure as an energy transition from coal to oil.[60] Energy was more important for DEVCO than existing literature has realized, yet it was not the only consideration. DEVCO was unusual in combining all these things, but there are still productive transnational comparisons to draw on. In particular, the British experience had major similarities, and I rely on that scholarship to comparatively analyze DEVCO for three main reasons. Britain had a large state-owned industrial sector after 1945 which has been extensively studied; much of this research examines deindustrialization; and its nationalized coal industry directly influenced the Coal Division. In particular, I borrow from these scholars their redeployment of E.P. Thompson's 'moral economy' concept, where nationalization was a response to closure opposition that was expressed in moral terms, such as the demand for decent employment to take precedence over uninhibited market forces.[61] It is

[59] Tom Langford, *The Lights on the Tipple are Going Out: Fighting Economic Ruin in a Canadian Coalfield Community* (UBC Press, 2024), 10-12, 16-25.
[60] Heather Green and Liza Piper, "A Province Powered by Coal: The Renaissance of Coal Mining in Late Twentieth-Century Alberta," *The Canadian Historical Review* 98, no. 3 (September 2017): 536-539.
[61] Tim Strangleman, "Deindustrialization and the Historical Sociological Imagination: Making Sense of Work and Industrial Change," *Sociology* 51, no. 2 (2017): 468, 470-471, 476-478.

useful but does have some limits in explaining everything DEVCO did, which I will explore further on.

All this setup is necessary to critically read DEVCO's primary source base, which is overwhelmingly government documents. Since the state is a contested institution, Finkel advises remaining "skeptical of a reliance on state sources for evaluations of state programmes," although there is still much they offer.[62] DEVCO reports demonstrated uncertainties, reluctances, and regrets about the program as much as they proclaimed confidence and success. And among the documents of the state talking to itself, we find the objects of state power talking back, in a language the state understands — constituent letters, union grievances, lobbying, bad press, and the occasional congratulatory telegram. There is much to suggest that the Canadian state was sensitive to this, and its interventions reflected that.

The biggest problem I faced with the sources was access. The majority of DEVCO's archives are located at Library and Archives Canada (LAC) in Ottawa, with the rest at the Beaton Institute of Cape Breton University. I visited both, but neither are processed, and so remain closed to public viewing, mostly because of private information. Initially I was able to view some of the archive at the Beaton Institute on a file-by-file basis, but was then cut off because of legal concerns. Access to information requests I filed to the LAC remain long outstanding. However, I still managed to find a substantial amount of primary sources, compiled from public reports, associated federal ministry (energy, mining, economic development, etc.) files, third party organizations, and especially the open personal fonds of individuals connected to DEVCO. In the last category, of particular importance was Allan J. MacEachen who was a Cape Breton Member of Parliament and important Liberal federal cabinet minister from 1963-1984, and then senator until 1996. He was in some sense a patron of DEVCO, and at the

[62] Finkel, "Competing Master Narratives," 201-202.

very least took great interest in its affairs despite never being ministerially responsible for it. Many internal documents are in MacEachen's files, and on at least one occasion he specifically requested the crown corporation's then president Tom Kent ensure "liaison between DEVCO and my office."[63]

Coincidentally, MacEachen was my relative and I met him several times before his death in 2017. I also have a connection to Kent, who spent his retirement in a neighbouring Cape Breton village and participated in a writing group with my parents. Personal experience of deindustrialization, notes Steven High, is hardly unique as the "emotive bonds of family, community and class tie many of the scholars in the field to their subjects of study." I am not alone among researchers to "have roots in the very working-class communities that they studied, outing themselves as the sons and daughters, or grandchildren, of industrial workers."[64] For me, the extra twist is the personal connections to the Canadian state's involvement with Cape Breton coal. They were the people who had the most agency in this instance of deindustrialization, and made decisions that affected thousands of others. These connections recall Loo's humanization of the state, that DEVCO was not all structure and distance.

Before concluding this introduction, I want to give a quick overview of the basic structure of my thesis. It is primarily chronological with the two chapters splitting the DEVCO Coal Division history neatly in half. Chapter one focuses on the years 1967-1984, examining the reasons for DEVCO's creation, its initial policy of managed pit closure, and then pursuit of mine expansion. Here I seek to broaden scholarship beyond regional development explanations by bringing in the experience of the Coal Division, which was influenced by other things such as

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[63] LAC, Allan J. MacEachen Fonds, PC ii&iii 40-1 1973-1977, Cape Breton Development Corporation, Letter to Tom Kent, April 30, 1974, R16050, Vol. 5, Box 485, File 1.

[64] Steven High, "'The Wounds of Class': A Historiographical Reflection on the Study of Deindustrialization," *History Compass* 11, 11 (November 2013): 995.

state energy policy. Chapter two covers 1984-2001 when DEVCO became solely a coal company, entered extended decline, and finally closed. Shorn of the regional development mission, DEVCO had to justify its continued existence on mining coal in an economically viable way. Falling energy prices during the period were compounded by federal governments now ideologically opposed to public ownership, and wishing to wash their hands of DEVCO. Here, I explore how workers and communities interacted with the Canadian government to challenge its closure decisions and politically negotiate the terms of state-owned deindustrialization. Overall, my narrative shows how the Coal Division was a unique response to deindustrialization that tied public ownership, regional development, energy, and worker resistance into a lengthy federal experiment.

CHAPTER ONE: DEVCO IN THE LONG 1970s (1967-1984)

In late 1966 the federal cabinet of Prime Minister Lester B. Pearson's Liberal government debated what to do about the unfolding crisis in Cape Breton coal mining. They had recently received the results of an official report they commissioned to investigate the problems in the industry and propose potential solutions. *The Cape Breton Coal Problem*, more commonly known as the Donald Report, after its author James Richardson Donald, recommended that the federal government immediately nationalize the mines in order to slowly wind-down production while another crown corporation would foster alternative economic development during that period to ensure no net loss in employment on the island. While the Donald Report had made clear recommendations, the cabinet was much less sure about what to do. Jean-Luc Pépin, the Minister of Energy, Mines, and Resources, under whose ambit the Cape Breton coal problem ultimately fell, largely accepted the findings, so "it was his own view that the proposal as presented would be most effective." The Minister of National Health and Welfare and Member of Parliament from Cape Breton, Allan J. MacEachen, was less certain and recommended that the Donald Report be publicly released to gauge popular opinion before the government formulated any definite policy commitments on the mines. Unable to reach a decision, the cabinet agreed to punt the issue to another meeting for further discussion.[65] By the end of the year, after further discussion and the public release of the report, the cabinet decided to implement the core of Donald's recommendations, and create DEVCO. Publicly it appeared to be decisive federal action in response to a crisis, but the confidential minutes of cabinet's dithering on what to do were much more representative of how the Canadian state approached the coal problem.

[65] LAC 1966-10-04, Cabinet Conclusions, RG2, Privy Council Office, Series A-5-a, Volume 632, 10-11.

The decisive moment was only a small part of a larger state history surrounding DEVCO. Introducing a recent edited volume, Lachlan MacKinnon and Andrew Parnaby advocate for the idea of a 'long twentieth century' to understand Cape Breton's past. They draw on Eric Hobsbawm's idea of a long nineteenth and short twentieth century, and specifically Giovanni Arrighi's long twentieth century, as ways to analyze world capitalist development. Stretching roughly from the 1860s to present, the volume's authors argue the long view shows "the emergence, dominance, and retreat of a particular social and economic order — that of modernist industrial capitalism."[66] This periodization is especially useful for understanding the Canadian state's entanglement with Cape Breton coal. There was an extensive run-up to nationalization that conditioned the form DEVCO took, and a longer frame makes those continuities clear. However, state power was not uniformly applied across the period, but waxed and waned. The corporation's formation coincided with the high tide of Canadian state activism which further shaped what was possible in the first half of its operation. Nested within Cape Breton's long twentieth century is what I argue was DEVCO's 'long 1970s,' from its creation in 1967 to its corporate reorganization in 1984. This sub-periodization fits the archival record, but also facilitates connection to broader scholarship on deindustrialization, energy history, and the deployment of state power.

The 1970s have recently received considerable scholarly attention as a consequential era when the so-called postwar political, economic, and social settlement seemingly collapsed around the world. The historian Tony Judt claimed "the nineteen seventies were the most dispiriting decade of the twentieth century."[67] Economic malaise, energy crises, post-colonial

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[66] Lachlan MacKinnon and Andrew Parnaby, "Introduction," in *Cape Breton in the Long Twentieth Century:Formations and Legacies of Industrial Capitalism*, eds. Lachlan MacKinnon and Andrew Parnaby (AU Press, 2024), 3-5, 8-11.
[67] Tony Judt, *Postwar: A History of Europe Since 1945* (The Penguin Press, 2005), 477.

military quagmires, high unemployment, and social unrest, brought to a close *Les Trente Glorieuses* that followed 1945. For Judt it was a tragedy worse than W.H. Auden's poetic characterization at war's outbreak of the 1930s as the "low dishonest decade" of the century.[68] In the developed capitalist world it was the decade when deindustrialization began to severely bite national economies and working class life, while the state receded from its highwater mark. Jefferson Cowie, who has demanded scholars of deindustrialization to think "beyond the ruins" to find complicated and contingent histories of closure, regarded the years 1968-1982 as the definitive end of something important.[69] While he noted that the US postwar economic boom was never as stable and inclusive as popularly imagined, especially for women and racial minorities, whatever imperfect labour-capital compromise that did exist was lost. It resulted in a comprehensive defeat for the American worker that fragmented their class power, and reinvigorated white racial grievance populism that Donald Trump later rode into the White House.[70] It was the decade where it all went sour.

Others have challenged Cowie that the 1970s was an era of retreat for workers and ascendent neoliberalism. Lane Windham suggested that the decade defied easy declension narratives. While American union density had evaporated by the early 1980s as a result of compounding factory closure, workers demonstrated surprising militancy and consolidated civil rights gains, despite fierce resistance from employers and formal labour movement leadership. The 'hot seasons' of the global 1968s was not the peak of social tumult, but continued to be built on at home and abroad in contrast to assessments that workers had become "more complacent

[68] W.H. Auden, "September 1, 1939," in *Another Time* (Random House, 1940), https://poets.org/poem/september-1-1939.
[69] Jefferson Cowie and Joseph Heathcott, eds. *Beyond the Ruins: The Meanings of Deindustrialization* (Cornell University Press, 2003), 1-2, 13-15.
[70] Jefferson Cowie, *Stayin' Alive: The 1970s and the Last Days of the Working Class* (The New Press, 2010), 11-15.

and compliant by the 1970s."[71] Deindustrialization was already reconfiguring the socioeconomic terrain by the late 1960s, yet the following decade was one of highly contested possibilities, not preordained inevitabilities. The 1973 oil crisis and ensuing inflation shock has been widely interpreted as marking "the end of an era," in which the West entered a "a completely new, 'post-industrial' or 'post-Fordist' phase, characterized by 'de-industrialization' and the rise of new technologies and new non-industrial sectors, such as the 'service industry.'"[72] However the changes were uneven, and not always wholly negative for every industrial sector. For coal, an industry already long waning, the energy crisis promised revitalization as governments pursued energy security policies to lessen dependence on imported oil, often by reconsidering the wisdom of further pit closures.[73] Energy policy was a stark contrast to assessments that state intervention rolled back in the 1970s, because here states massively increased their presence.

In that global context the consequential events of the seventeen-year DEVCO 'decade' were less surprising. The 1967 moment of fatal crisis for Cape Breton coal was first converted into a managed wind-down, but within ten years a federal-provincial agreement on the island's economic future was far more optimistic about the Coal Division. The 1970s was the turning point when governments and communities realized it was not a foregone conclusion that there was nowhere to go but down. DEVCO abandoned the phase-out plans in favour of stabilizing the coal industry, and "because of market and technological changes" it was now considered "possible to create an economically viable industry by the end of this decade."[74] DEVCO's long 1970s therefore saw a reversal of fortune, as the state pivoted from pit closure to expanding coal production, a decision largely justified by an altered geopolitics of energy. For a moment, at

[71] Lane Windham, *Knocking on Labor's Door: Union Organizing in the 1970s and the Roots of a New Economic Divide* (The University of North Carolina Press, 2017), 7-9.
[72] Duco Hellema, *The Global 1970s: Radicalism, Reform, and Crisis* (Routledge, 2019), 19-21, 116-118, 127-130.
[73] Beynon and Hudson, *The Shadow of the Mine*, 78-80.
[74] Canada, *Cape Breton County Development Canada/Nova Scotia*, Interim Subsidy Agreement, Regional Economic Expansion, January 7, 1977, 3-4, 4A-5A.

least, deindustrialization could be halted, and regional development goals achieved, not by phasing out coal, but by saving it.

This chapter examines the history of DEVCO's Coal Division from 1967-1984 and seeks to explain why mining expansion supplanted the original plan for incremental closure. This was largely because changing government priorities were constrained by the deep role that the state had already played in Cape Breton's coal industry. First, I consider why the federal government opted for public ownership as a response to deindustrialization. The timing was important as the region's coal mines were nationalized at the height of the activist Canadian state. Other factors included policy inertia, effective local pressure, and political patronage. The original mission of the Coal Division was most actively pursued between 1967 and 1973, but it left the timing of coal mining's final end undetermined. Importantly it went ahead during these years with one more new mine. DEVCO was therefore relatively well-placed to take advantage of the 1973 oil crisis and the decade of high energy prices that followed. During these years, coal production vastly increased and the hiring freeze on miners ended. The coal division also took on growing importance due to the failure of DEVCO's efforts to diversify the economy. But Cape Breton coal mining was plagued by production problems, including a deadly explosion in 1979 that killed twelve miners. By 1984 energy prices were softening, and the election of the federal Progressive Conservative party that year brought with it new political uncertainty for DEVCO.

The Canadian State in Cape Breton's Long Twentieth Century

The 1966 Donald Report was the last in a long series of federal inquiries and royal commissions into the problems of the Canadian coal industry. There had been three previous ones since the end of the Second World War: in 1946, 1956, and 1960. As Nova Scotia was the single largest coal producing province, representing almost 40% of national production in 1964, the investigations mostly focused on the region. Nova Scotia coal mining employed approximately 7,500 people at the time, with the vast majority working for DOSCO.[75] However, those numbers had been sliding steadily since 1945. Coal output in the province fell from 7.8 million tons in 1940 to 4.3 million tons in 1965 — a 45% cut. Mining employment on Cape Breton Island fell 40% between 1950 and 1966 as fourteen mines closed. The unfolding economic crisis was obvious to everyone by 1965, but that hardly surprised contemporaries who had long recognized that the "unwinding of industrial Cape Breton was evident first in the context of coal."[76] The Donald Report differed from its predecessors in recommending nationalization as a solution to the crisis.

The Montreal-based Dominion Steel and Coal Corporation was the last in a long series of private companies that had monopolized Nova Scotia coal mining since the early nineteenth century. As its name suggested, DOSCO was diversified into other sectors, primarily steel and associated finished goods. Along with the mines in Cape Breton, DOSCO also owned a steel mill nearby at Sydney that was a major consumer of the coal produced, as well as several other facilities across the country for the manufacture of railcars, bridges and ships. DOSCO can be traced to the 1893 formation of the Dominion Coal Company (DOMCO) by the Boston financier Henry M. Whitney. The opening of Sydney Steel in 1899 set in motion a process of corporate consolidation out of which emerged the vertically integrated coal and steel firm the British Empire Steel Corporation (BESCO) in 1921. Violent labour unrest, corporate mismanagement, and economic headwinds during the 1920s bankrupted BESCO, so its assets were taken over in

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[75] James Richardson Donald, *The Cape Breton Coal Problem* (Queen's Printer, 1966), 7, 32, 53, 102.
[76] Andrew Parnaby, "Roots, Region, and Resistance: Facing Industrial Ruin in Sydney, Cape Breton, During Canada's Centennial Year," *Acadiensis* 48, no. 1 (Spring 2019): 7-8.

1928 by a new entity — DOSCO.[77] Yet the domination of the Cape Breton coal mining by state-supported external monopolies went back in time even further, which gave an exceptionally long historical runway for the problems that the Donald Report sought to address.

After capturing the French fortress of Louisbourg in 1758, Britain annexed Cape Breton in the 1763 Treaty of Paris. Coal had been mined on a small scale for local needs since 1720, but in 1788, all mineral rights were exclusively granted to the Duke of York, George III's second son. In 1825 the duke sold his claims to cover his gambling debts to a London jewellery consortium, which in 1826 negotiated with the Nova Scotia government for a sixty-year monopoly right extending to all coal in the colony. They formed the General Mining Association (GMA) which dominated coal mining over the next three decades, until the monopoly was retracted in 1858. A brief flowering of competing coal companies followed, but by the late 1890s DOMCO had consolidated ownership of nearly all collieries in the province. Cape Breton coal was primarily exported to the United States and Central Canada, with the latter becoming much more important after Confederation incorporated Nova Scotia into a new national economy defended by the National Policy tariffs. However, the "creation of national markets led to a division of labour between regions, which established the Cape Breton coal industry as a source of industrial energy filling the needs of the central Canadian market."[78] Despite Nova Scotian coalfields industrializing in the 1830s, which was remarkably early by global standards, it was characterized by dependent development. Industrialization was occurring, but was driven by foreign investors and foreign markets, which placed Nova Scotia in a subordinate position in the world market, where further development was mostly dependent on factors outside of local control. Canada's first steam locomotive, *Samson*, was in operation by 1839, hauling the

[77] MacKinnon, *Closing Sysco*, 9-14.
[78] David Frank, "The Cape Breton Coal Industry and the Rise and Fall of the British Empire Steel Corporation," *Acadiensis* 7, no. 1 (1977): 5-10.

increasing output of the GMA mines. However, the British-imported locomotive followed a short line that ran straight to the coal export pier at Pictou.[79]

It is important to recognize the role of state intervention in shaping the ways in which Cape Breton coal developed in relation to the global capitalist economy. GMA's legislated monopoly was an obvious creature of government policy, albeit initially imposed by a distant imperial capital, but the 1858 opening up of the coal fields to other entrants was no retreat from state intervention either. Nova Scotia politicians were well aware of the linkage between exploiting coal and industrial take-off, and keen to attract as much investment as possible to drive the process forward. While the province was rich in coal handily located by major shipping lanes, it still lacked enough domestic capital and local demand necessary to sustain a large, modern mining sector. Opening up stimulated a boom in the 1860s, but this was simply from a more diverse array of foreign investors and still vulnerable to export market slumps, as happened in the following decade.[80] From the 1880s a combination of Nova Scotia and federal policy encouraged the reconcentration of colliery ownership which was substantially complete by the First World War, and production peaked in 1913. In the war's aftermath there was a glut of coal and steel, and the newly conglomerated BESCO struggled to remain solvent. In response the company "pursued two central goals: to reduce the cost of labour power in the coal industry and to recruit state support for the coal and steel industries in the national market." It was successful in both, although BESCO foundered in the process of achieving them.[81] However, the short BESCO era represented a significant change in the coal industry's fortunes and the state's

[79] Ian McKay, "The Crisis of Dependent Development: Class Conflict in the Nova Scotia Coalfields, 1872-1876," in *Class, Gender, and Region: Essays in Canadian Historical Sociology*, ed. Gregory S. Kealey (Committee on Canadian Labour History, 1988), 12-21.
[80] Don Nerbas, "Empire, Colonial Enterprise, and Speculation: Cape Breton's Coal Boom of the 1860s," in *Cape Breton in the Long Twentieth Century*, 29-33, 37-44.
[81] Frank, "The Cape Breton Coal Industry," 11-13, 24-30.

involvement with it that would remain fairly consistent until the creation of DEVCO some forty years later.

The catalyst for the change was a series of explosive strikes that convulsed Industrial Cape Breton in the early 1920s and culminated in the 1925 general strike. The expansion of the coal industry stimulated the growth of the Nova Scotia labour movement, and the first miner's union, the Provincial Workmen's Association (PWA) was organized in 1879 and arrived in Cape Breton by 1881. Disputes over pay and the exploitative company town system generated regular strikes, which the state responded to by routinely backing the company, often by deploying the military. In the face of that hostility, the PWA continued to grow, win concessions from the bosses, and in 1919 merged into the massive United Mine Workers of America (UMWA) as its District 26. After its 1921 creation, BESCO quickly moved to shore up its finances by cutting wages. Decades of struggle had given UMWA District 26 a militant streak, and the miners walked out in opposition. They struck in 1922, 1923, and 1925 over the pay reductions, and each time the army was dispatched. After the last strike, the provincial government was frustrated by the recurring social unrest, and appointed a royal commission to find solutions. The final report rejected union demands for nationalization, deplored radical communist influences, but criticized company intransigence in refusing to negotiate, and overall proposed a more muscular labour relations framework to reduce strike frequency.[82] Over the next twenty years, Nova Scotia legislated more comprehensive labour law which did indeed reduce strikes by forcing companies to bargain, but it also constrained the miners' ability to resist wage erosion, which by 1939 had plummeted in real terms.[83]

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[82] David Frank, *J.B. McLachlan: A Biography*, 2nd ed. (James Lorimer & Company, 1999, 2023), 50-54, 149-150, 159-160, 201-203, 242-253, 355, 397-403, 426-428.
[83] Kirby Abbott, "The Coal Miners and the Law in Nova Scotia From the 1864 Combination of Workmen Act to the 1947 Trade Union Act," in *Workers and the State in Twentieth Century Nova Scotia*, 36-38.

In retrospect, the turmoil of the 1920s signalled a structural shift in the trajectory of Cape Breton coal towards creeping deindustrialization. When DOSCO took over in 1928, government subsidies began, purchasing a degree of social and economic stability that had not been possible with soldiers in the earlier period of sectoral growth. Federal aid to the province's coal industry soared from $65,809 in 1928 to $2,307,671 annually by 1937, which helped coal production slightly expand during the otherwise slump years of the Great Depression. Besides direct grants to DOSCO, the federal money was spent on transportation subventions to keep Nova Scotia coal price competitive in its main market of central Canada, while cheaper foreign coal, primarily from the United States was slapped with import tariffs.[84] These subsidies also reflected a concern about Canadian energy independence, as the country's main sources of coal lay far from its major industries. Without help, the Canadian coal industry, already insufficient in meeting national demand, could shrivel further against cheap competition, potentially increasing foreign energy dependence to dangerous levels. The "fuel problem" vexed the federal government from at least the 1920s and resisted any clear solution.[85] Subsidization began as a reaction, and it was not until 1946 that it was placed within a coherent policy framework. Before that happened, the Canadian state's ad hoc intervention had already acquired an irresistible inertia that narrowed possible options when it became obvious that Cape Breton's coal industry was in serious trouble during the Second World War.

The first of the postwar federal investigations into the Canadian coal industry and the Nova Scotia one in particular, was initiated in 1944 before the fighting was even over. The Royal Commission on Coal was published in 1946 as a mammoth seven-hundred page report. It surveyed every aspect of the industry such as history, production, labour relations, transport,

[84] Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development*, 67.
[85] Leslie R. Thomson, "The Fuel Problem in Canada," *The Engineering Journal* (February 1926): 3-5.

financing, consumers, and more.[86] Fold-out maps, charts, and tables granted it an air of comprehensive technocratic authority that reflected the enormous growth of the federal state's size and reach during the war, as well as its new interest in ameliorating socioeconomic problems.[87] The report chronicled that the war was mostly disruptive but also somewhat beneficial to the coal industry. The recruitment of men for overseas service deprived the mines of labour, while transportation infrastructure, particularly maritime modes, were commandeered for the war effort, which reduced the amount of coal shipped to the traditional central Canadian market. American imports were increased to pick up the slack, and gobbled up further market share by filling the new demands created by wartime economic expansion. Conversely, coal was treated as a militarily strategic energy resource so collieries were heavily subsidized to guarantee constant production regardless of mine efficiency, and the 50% increase in domestic coal consumption from 1937-1945 ensured there was demand for the output.[88]

Despite the subsidies, the aforementioned disruptions meant Nova Scotia coal production steadily fell during the war, from 7.4 million tons in 1941 to 5.1 million tons in 1945. DOMCO mine output shrank from 4.3 million tons to under 3 million tons. Wartime pressures only contributed to continued poisonous labour relations, underinvestment, and deterioration in the mines. The 1946 Royal Commission was appointed to investigate the problems and partly to mollify the UMWA.[89] In the longer term, the war exacerbated the problems for the Canadian coal industry that the 1946 royal commission had identified. Although wartime industrial policy planners were interested in using the federal government to do nation-building through developing economic self-sufficiency, state-directed investment largely concentrated in central

[86] W. F. Carroll, C. C. McLaurin, and Angus J. Morrisson, *Report of the Royal Commission on Coal 1946* (King's Printer, 1947), v.
[87] Peter S. Li, *The Making of Post-War Canada* (Oxford University Press, 1996), 84.
[88] Carroll, McLaurin, and Morrisson, *Report of the Royal Commission on Coal 1946*, 579-581.
[89] Michael D. Stevenson, "Conscripting Coal: The Regulation of the Coal Labour Force in Nova Scotia During the Second World War," *Acadiensis* 29, no. 2 (Spring 2000): 58-60, 81.

Canada. By 1944 only 3.7% of federal investments were in the Maritimes, and "virtually all of the new [crown] corporations, however, were established in the Montreal-Windsor corridor; not a single one was located in the Maritime region."[90] The long overriding issue for Canadian coal was that it was far away from its main markets, usually by at least a thousand kilometres, as the Cape Breton mines were from Montreal. The 1946 report's recommendations largely centred on continuing transport subventions, although through a new federal agency, the Dominion Coal Board, rather than on an ad hoc basis. Production needed to be modernized and mechanized with government aid. With proper state intervention, the report authors believed that DOSCO coal had a commercially viable private future, and so they opposed rationalization by public ownership. They rejected the premise that "nationalization of Cape Breton mines, principally on the ground that operations would then be more efficiently conducted. The evidence submitted to us fell far short of establishing that nationalization would result in higher productivity."[91]

The proposal had come from the union, UMWA District 26 for whom nationalization had been a major demand for decades. The report's authors dismissed nationalization on narrow technical grounds, that the "facts of wages and working conditions are what count," because an "unsound industry cannot survive indefinitely, and nationalization provides no magic lamp."[92] The report did acknowledge that efficiency problems were largely rooted in the "intensity of feeling of Nova Scotia coal mining labour against the present management," of DOSCO, and "the demand for nationalization [...] is primarily a demand to get rid of the present management." The authors called for an "end [to] the industrial warfare which has now been going on in the Nova Scotia coalfields for generations." Instead, cooperation between labour and management

[90] Donald J. Savoie, *Visiting Grandchildren: Economic Development in the Maritimes* (University of Toronto Press, 2006), 30-31.
[91] Carroll, McLaurin, and Morrisson, *Report of the Royal Commission on Coal 1946*, 582-583, 600.
[92] Ibid, 592-595.

was necessary to improve production, or “the collapse of the industry appears inevitable.”[93] However, the rejection of the UMWA’s proposal revealed implicit political assumptions about the criteria used to determine what constituted ‘evidence’ for the royal commission. The union’s nationalization demand made explicit that production problems were also political problems, as the ‘facts’ of wages, working conditions, and profit calculations were normative claims about how society ought to be structured. While the UMWA had mostly retreated from their communist militancy of the 1920s and 1930s, they were claiming that at least for workers, private ownership of the mines was the problem.

A year after the Royal Commission released its report, UMWA District 26 struck over many of the issues it identified. Wartime inflation had seriously eaten into wages, so a pay increase was the central demand, but miners’ concerns about the future of their industry also played a significant part. DOSCO had failed to reinvest profits in mine improvement, but miners also wanted modernization linked to production expansion and higher wages, not simply replacing manpower shortages with machines. The February-July 1947 strike secured a modest pay increase, but was unable to compel corporate investment in the coal industry.[94] The federal government was politically unwilling to mandate private investment, and instead offered low interest loans to DOSCO on the condition they spent it on mechanization. This was on top of existing subsidies. DOSCO in 1950 had estimated mechanization would cost $20 million, but reduced the figure to $13 million “by eliminating certain collieries from the initial mechanization program, namely No. 1B and No. 16.”[95] By 1959 DOSCO had spent $10.5 million on mining machines, of which $7 million was a federal loan. Overall, it had pulled productivity up from

[93] Ibid, 592-595.
[94] David Frank, “C. B. Wade, Research Director and Labour Historian,” in *Cape Breton in the Long Twentieth Century*, 167-170.
[95] Cape Breton Development Corporation Fonds, Dominion Steel and Coal Corporation Mechanization of the Collieries, November 4, 1959, MG 14.13, Beaton Institute, Cape Breton University.

1.58 tons per man-shift in 1945 to 2.95 tons in 1959. Much of the machinery was developed in-house to fit the unusual geology of the Sydney coalfields.[96] Christened the Dosco Miner, it was offered for global sale to meet the strong demand of other coal company mechanization programmes.[97] Attempting to produce a way out of the problem was a very common proposal to coal industry woes in the industrialized world. Britain's NCB began its mechanization drive in the late 1950s, by closing older pits and building new ones.[98] DOSCO's modernization was only partial, since it did not involve new mines, only refurbishing existing ones. And older mines that received no mechanization soon closed (see Map 2), such as No. 1B did in 1955, along with 686 jobs.[99]

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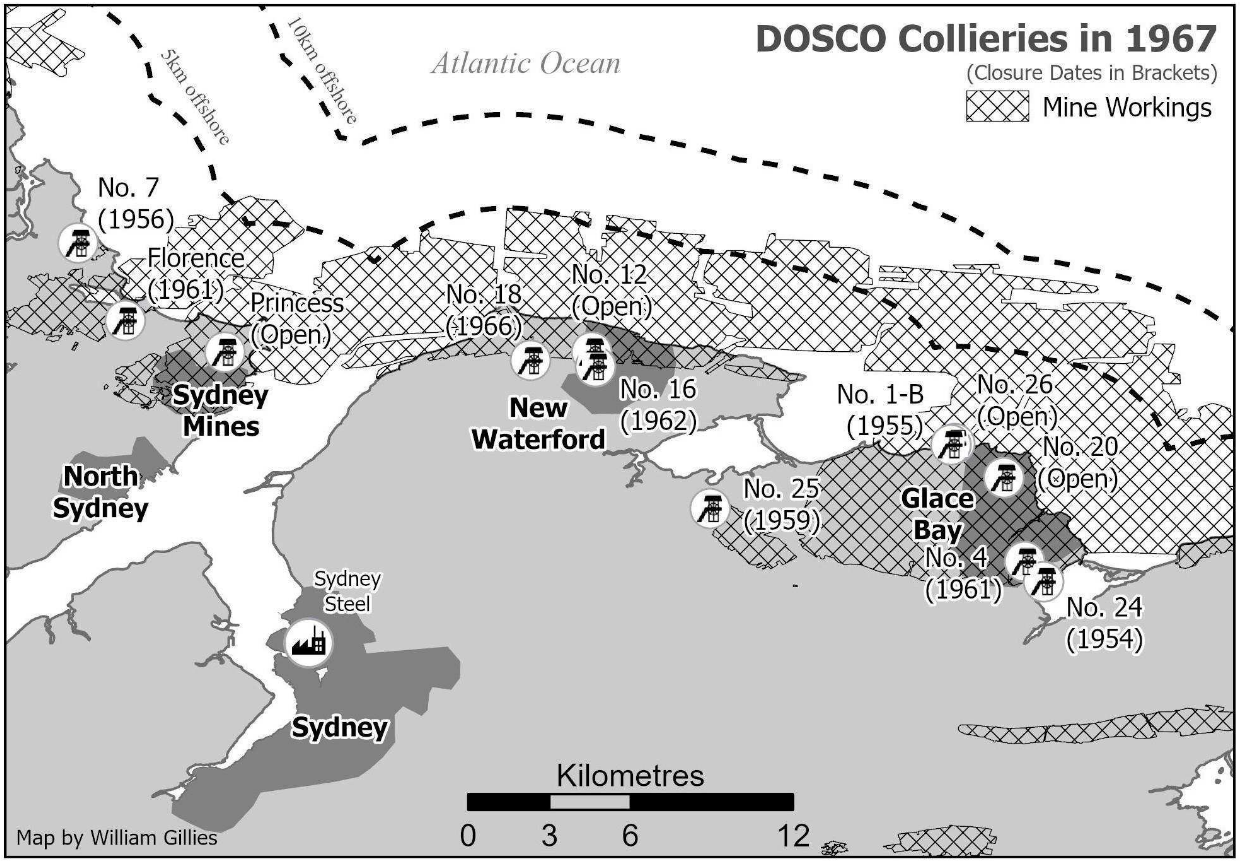
[96] Ibid.

[97] The spun off machine-building division DOSCO Overseas Engineering Limited long outlasted its parent company, formally dissolving in Britain in 2024, although it had been defunct since 2012. Britain's NCB was its largest customer by the 1960s. Ibid, Mechanizing Pitching Longwall With the New Dosco Miner, 1951.; "DOSCO Overseas Engineering Limited," Find and Update Company Information, Gov.UK, accessed September 10, 2024, https://find-and-update.company-information.service.gov.uk/company/00567906.; "DOSCO," Learning on Screen, accessed September 10, 2024, http://bufvc.ac.uk/newsonscreen/search/index.php/story/345853.

[98] Beynon and Hudson, *The Shadow of the Mine*, 49-53, 60-63.

[99] Donald, *The Cape Breton Coal Problem*, 59.



Map 2: DOSCO Collieries in 1967[100]

Ironically, the federal government's political distaste for nationalization in 1946 partly explained its palatability two decades later. Politicians tried to balance their chosen commitment to private enterprise against managing its negative social consequences. As Langford put it the federal "concern over the dependence on a single industry, the 'coal problem' was in fact a political problem — of how the liberal state should respond to a crisis of profitability of a monopolistic corporation, to the prospect of community collapse, to the vocal pressure of workers dependent on the coal industry, and to Cold War anxiety over more radical opposition."[101] Actions that DOSCO could have taken to shore up its profitability, such as rapid

[100] Mine workings data derived from: "Mineral Resource Land Use Atlas," Geoscience & Mines Branch, Department of Natural Resources and Renewables, Nova Scotia, accessed January 5, 2025, https://fletcher.novascotia.ca/DNRViewer/?viewer=MRLU. Mine closure dates from: Donald, *The Cape Breton Coal Problem*, 59.
[101] Langford, *The Global Politics of Poverty in Canada*, 155-156.

mine closure, would have instantly generated a major unemployment crisis in Cape Breton, which the government sought to avoid. For example, in January 1961, DOSCO announced that it would close three of its unprofitable mines in Cape Breton later that year with almost 2,400 layoffs forecasted, but was "prepared to keep the mines open until next spring if the government paid the special subvention of $1 per ton that had been approved in principle last spring."[102] The cabinet of Progressive Conservative Prime Minister John Diefenbaker agreed to this, but DOSCO also wanted that special subvention to be extended another year. On the latter request, the cabinet decided in May to grant the subsidy extension although with the understanding that "two of the mines would be closed in any case, but the third and largest (No. 16) would remain open this season."[103] A loss of only 850 jobs was anticipated and money was earmarked for alternative employment opportunities. The federal government wished to moderate the social consequences but was also unwilling to truly intervene in the company's business decisions, which locked in a policy of the taxpayer guaranteeing DOSCO turned a profit.

These closures were happening shortly after the release of another royal commission on coal, released in August 1960. The Rand Report, commonly referred to after its author as is Canadian parliamentary tradition, reviewed the state of the industry since the 1946 report, and concluded that it had declined further. Oil and hydroelectricity had significantly depressed coal's share of the Canadian energy mix. Transport costs from Cape Breton to central Canada had not improved either, but even worse, the transport sector as a major coal customer had been lost as railways had fully converted from steam locomotives to diesel engines during the 1950s.[104] Rand recommended another overhaul of the subsidy regime, government aid for mine modernization

[102] LAC 1961-01-03, Cabinet Conclusions, RG2, Privy Council Office, Series A-5-a, Volume 6176, 8-9.
[103] LAC 1961-05-25, Cabinet Conclusions, RG2, Privy Council Office, Series A-5-a, Volume 6176, 2-4.
[104] Despite political pressures to consider regional impacts on Alberta and Nova Scotia coalfields, the federal crown corporation Canadian National Railway pursued fleet dieselization on cost grounds. Donald McKay, *The People's Railway: A History of Canadian National* (Douglas & McIntyre, 1992), 186.

based on the latest British techniques, but not nationalization. Notably, he forecasted a less bright future for the mines and endorsed public investment in developing industries other than coal in Cape Breton. Specifically, Rand suggested that unemployed miners be retrained to reconstruct an eighteenth century French fortress town at Louisbourg that would draw tourists.[105] Construction began in 1961.

Globally, by the start of the 1960s the coal industry entered structural crisis. As the premiere fuel of industrialization, coal in 1913 made up the majority of world energy consumption. After the Second World War, coal's relative share of the global energy mix began to rapidly slide. In 1960 it was 38%, and ten years later it had dropped to 27%. The global figures masked regional disparities, as in the developed capitalist world, coal demand fell more sharply as cheap oil replaced it in key energy consumption sectors such as transportation.[106] Both public and private coal firms suffered from a collapse in profitability that threatened their operational sustainability. The decline of coal consumption was quickly registered in government statistics. The 1960 Rand Commission graphed the slump of coal from just over 60% of the national energy supply in 1946, to just under 30% in 1959. In absolute terms, annual coal production fell from nineteen million tons to twelve million.[107] Increasing output and reducing unit costs had been the proposed solution in 1946, but falling demand meant that there was too much coal for the market to absorb. This was compounded by the fact that coal was primarily for domestic consumption, unlike oil, so only 6.6% of global coal production in 1960 was exported.[108]

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[105] There is some historical irony here that Louisbourg was the beginning of mining in 1720, and its reconstruction 250 years later was to deal with its end. I. C. Rand, *Report of the Royal Commission on Coal* (Queen's Printer, 1960), 1-3, 51-54.
[106] Jean-Marie Martin-Amouroux, "Coal: The Metamorphosis of an Industry," *International Journal of Energy Sector Management* 2, no. 2 (2008): 164-165.
[107] Rand, *Report of the Royal Commission on Coal*, 1, 18.
[108] Martin-Amouroux, "Coal: The Metamorphosis of an Industry," 166.

The 1963 federal election brought the Liberals back to power, albeit as a minority government, where they would stay until 1984, except for a brief period in 1979. The new Prime Minister Lester B. Pearson headed a government with a much more reformist bent that over the course of the 1960s implemented major pillars of the Canadian welfare state such as public medicare and the Canada Pension Plan. While in opposition the Liberals had shifted to support creating government social programs and using state power to tackle social problems, particularly stubbornly high poverty rates in the booming postwar economy. In part it was a move to counter pressures on the Liberals' left flank from the social democratic New Democratic Party (NDP), but also reflected political changes within the party itself. British-born journalist Tom Kent was a major intellectual influence on the turn, becoming an advisor to the Prime Minister and ministerial staffer in the Pearson and Trudeau governments until he left in 1971 to run DEVCO. Cape Breton MP Allan J. MacEachen was also part of this progressive current and was brought into cabinet in 1963 as Minister of Labour.[109] Much of the poverty was regionalized, especially in the Maritime provinces. Regional economic disparity was not a new issue, but previous federal governments only attempted small and haphazard initiatives. The Pearson government was interested in establishing a more comprehensive regional development program, although it got deprioritized during intra-party struggles between 'old guard' Liberals and the new reformists that scaled-back much of the social reform proposals. Conservative compromises made, by 1965 "regional development was brought onto the state agenda through the 'back door' as part of the government's package of social-welfare reforms."[110]

There were also transnational influences, albeit entirely British ones, on federal thinking with regards to the Cape Breton coal problem. Kent brought with him experience of the British

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[109] Kenneth C. Dewar, "Liberalism, Social Democracy, and Tom Kent," *Journal of Canadian Studies* 53, no. 1 (Winter 2019): 180-183, 187-191.
[110] Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development*, 170-172, 178-179.

welfare state constructed by the left-wing Labour Party government in the immediate aftermath of the Second World War. That involved nationalizing major economic sectors, most significantly the 1947 formation of the state-owned National Coal Board. Similarities between Canadian and British state interventions in coal meant that NCB expertise was regularly called to Cape Breton from at least 1960 until no later than 1984. One notable example involved NCB head Alfred Robens visiting the island's mines in November 1964 to share his expertise in government-imposed rationalization of a declining coal industry.[111] Another British influence was adopting a state-led regional development model in response to deindustrialization. In 1957 the Nova Scotia provincial government created Industrial Estates Limited to diversify and modernize the economic base. Among the various projects was the Clairtone Sound Corporation established as a public-private partnership in 1964 in the Pictou coalfield on the mainland (see Map 4, pg 72) to manufacture consumer goods, primarily home electronics. The 1966 annual report was a fantastic illustration of high-modernist aesthetics and technocratic optimism about centrally-planned development.[112] Clairtone went bankrupt in 1971 after absorbing a great deal of public funding, but prior to that it provided a model for top-down government intervention in regional economic problems. This model allowed for public ownership, but insulated from democratic demands, particularly the more radical forms of nationalization previously desired by the miners' union.[113]

The combination of a decades-long economic problem in a peripheral region, federal policy inertia in sustaining the coal industry, popular political pressures, and a more interventionist Canadian state created the broader conditions that made nationalization amenable.

[111] Robens headed the NCB 1961-1971, a decade when it underwent its largest contraction. Ian MacNeil, "'Lot of Hard Work — Common Sense,'" *Cape Breton Post*, November 10, 1964.
[112] LAC, Allan J. MacEachen Fonds, PCii&iii 40-1 1964-1969, Clairtone Sound Corporation, Clairtone Sound Corporation Limited Annual Report, 1966, R16050, Box 485, File 23.
[113] Lachlan MacKinnon, "Importing the Clairtone Sound: Political Economy, Regionalism, and Deindustrialization in Pictou County," *Labour/Le Travail* 91 (Spring 2023): 148-156.

However, political debates and individuals within the Pearson government were contingent factors in shaping why Cape Breton's industrial crisis was handled in a unique way, compared to elsewhere. DEVCO was an outcome that emerged when the Canadian state's preferred policy of managing private capital accumulation had definitively failed and there appeared no other politically palatable option but public ownership.

Choosing Nationalization, 1965-1966

By the beginning of 1965 the federal government's options with regard to Cape Breton coal dramatically narrowed. On March 3, representatives from DOSCO met confidentially with Mitchell W. Sharp, the Minister of Trade and Commerce in the Pearson Liberal government to tell him that the company would soon be exiting the coal business entirely. In a follow-up letter on March 11, DOSCO stressed "the difficult financial position of the [subsidiary] Dominion Coal Company, Limited and consequently with respect to the future of the mines should be reached at an early date."[114] What DOSCO was proposing was they were "prepared to transfer its entire interest in coal mining operations in Nova Scotia to the Government." Included with the letter was a report prepared by the company showing its utterly dire finances, and a proposal for nationalization with the government paying $5,405,750 in compensation based on DOSCO's optimistic valuation of its assets.[115] It is unclear what the federal government's immediate response to the proposal was, but in the Letter of Transmittal to Sharp opening the Donald Report, the author indicates that he began his work in May 1965.[116] It would seem that when

[114] LAC, Douglas H. Fullerton Fonds, Cape Breton Development Corporation, Dosco - [Problems & Closure], Dosco Letter to Mitchel W. Sharp, 1965-03-11, R14521-150-8-E, Volume 21, File 7.
[115] Ibid.
[116] Donald, *The Cape Breton Coal Problem*, iv.

faced with the now terminal DOSCO crisis, the federal government opted for another investigation of coal policy to study the problem.

DOSCO's desire to divest itself of the coal mines it owned on Cape Breton Island and mainland Nova Scotia was not public knowledge, so the federal government faced little political pressure on the issue, which would probably explain the lack of substantial mention in minutes and correspondence until October 1965. The minutes of the September 20 cabinet meeting, titled 'Nova Scotia Coal Problem' were illustrative of the government's political preference for maintaining the status quo. Ministers debated a "proposed interim statement regarding policy for the Nova Scotia coal industry." Sharp said that his draft statement would inform the public that Donald was looking into it, and that any major federal action would wait for the report's final submission. MacEachen, then Minister of Labour, advocated for opening a new and modern DOSCO mine at Lingan with federal assistance, which he viewed as "the main issue which was pre-occupying the Nova Scotia coal miners and the Nova Scotia Government[.]"[117] MacEachen was a member of parliament for a Cape Breton constituency which would be massively impacted by mine closure, so his advocacy for a new mine was not surprising. Prime Minister Pearson suggested any decision on even a statement should be deferred to another meeting where the Minister of Mines and Technical Surveys would be present.[118] For the cabinet the Donald Report was a delaying action for their decades-long preferred political strategy towards coal. DOSCO was definitely quitting the coal business but the looming onset of a regional social crisis could at least be temporarily suspended while the government was 'looking into it.'

Also, 1965 was a federal election year, so the Pearson Liberal minority government was cautious about making any public commitments on coal policy, let alone public mention of the

[117] LAC, 1965-09-20, Cabinet Conclusions, RG2, Privy Council Office, Series A-5-a, Volume 6271, 16.
[118] Ibid.

impending closure of the DOSCO mines. The next discussion of coal by cabinet was October 4, which was now within the election campaign period, so the decision essentially constituted an election promise to be fulfilled if the Liberals won. MacEachen argued that the choice was between closing or revitalizing the Cape Breton coal industry, and the 7,000 people currently employed in mining had no alternative employment on the island if the former was chosen. Cabinet decided that the "government would make large-scale investment in the Cape Breton coal mining industry in the immediate future, and early in 1966 would introduce a comprehensive long term program."[119] This specifically included the new mine at Lingan. Further subsidies would be provided as well as federal investment in regional economic diversification. The next day this decision was publicly announced by a press release from MacEachen's Minister of Labour office. It publicly affirmed that a Pearson government would provide more money for "the renovation of overall mining facilities as necessitated by the requirements of the comprehensive review [Donald Report]."[120] Pearson won another minority government on November 8, and had to be once again propped up by the NDP. The Cape Breton coal promise probably had little national import in an election largely fought over the Liberal commitments to implement public medicare, but MacEachen retained his seat in Cape Breton.[121] He was promoted to Minister of National Health and Welfare in December and later oversaw the roll out of the public healthcare system.

[119] LAC, 1965-10-04, Cabinet Conclusions, RG2, Privy Council Office, Series A-5-a, Volume 6271, 10-12.
[120] LAC, Lester B. Pearson Fonds, Prime Minister's Office Correspondence, 1965-1968 (N4), Minerals and Fuels - Coal - Donald Report, From the Office of the Minister of Labour, 1965-10-05, MG26-N4, Volume 181, File 546, 1-2.
[121] MacEachen won the constituency of Inverness-Richmond in 1965 but the Progressive Conservatives were reelected in the other two ridings. The Liberal Party has largely dominated island's politics on a federal level since 1945, although not exclusively. The main alternatives were the PCs and the NDP. The former has been shut out since 1988, and the latter elected at important moments in the coal industry's decline, like the 1950s, 1970s, and late 1990s. Significantly the social democratic NDP's Atlantic Canadian voter base was long concentrated in Cape Breton because it was closely connected with the miners' union. For an example of this see: Corey Slumkoski, "The Rhetoric of Region: Clarence Gillis, the CCF, and the Protection of Atlantic Canada," in *Party of Conscience: The CCF, the NDP, and Social Democracy in Canada*, eds. Stephanie Bangarth, Roberta Lexier, and Jon Weier (Between the Lines, 2018), 37-48.

The promise to fund a new mine further entangled the federal government in the industry's survival. While DOSCO's March 1965 mine closure plan was still not public knowledge at the outset of 1966, people in Cape Breton were certainly aware that its coal division was declining and dependent on federal support. In January 1966 the first messages arrived asking about when the Liberal government would make good on its recent election promise of the new mine. A telegram from UMWA Local 4527 "urgently requests federal government to fulfil committment[sic] of financial aid regarding opening of new mine at Lingan and also to stabilize other coal mines in the immediate area."[122] The union members felt the announced $25 million was already too late as a "mass layoff of coal miners is now in progress at twelve and eighteen collieries[.]"[123] Pearson replied a week later but contained no assurances about the timeline as the government was awaiting Donald's findings before releasing the funds. This first message was very typical of the ones that would follow through the spring and summer of 1966. The sender was usually a labour union that had a direct interest in the mines staying open. But sometimes the inquiry came from other Cape Breton community groups such as business associations, the Knights of Columbus, and a local Progressive Conservative Party constituency. The federal response was always the same — they were waiting for Donald's submission before moving forward.

In May, the cabinet became aware of what the Donald Report actually contained. After learning what Donald recommended, MacEachen sent a note to Pearson that he was "greatly concerned about the development of our coal policy," and requested a meeting to discuss it. Pearson accepted, but the file did not contain a record of the discussion and what MacEachen's

[122] LAC, Lester B. Pearson Fonds, Prime Minister's Office Correspondence, 1965-1968 (N4), Minerals and Fuels - Coal - Donald Report, Coal Subvention, 1966-01-19, MG26-N4, Volume 181, File 546, 1.
[123] Ibid.

specific concerns were.[124] Donald recommended federal nationalization in order to slowly close the mines over the next fifteen years, but coal production and employment would be halved in the first five years by halting new hires and granting early retirement to older miners. Only the DOSCO mines in Cape Breton would be nationalized, and other mines, mostly minor independent operators, would become Nova Scotia's responsibility. The subsidies would be stopped immediately and the savings invested in alternate economic development. Significantly, Donald recommended against opening a new mine at Lingan that MacEachen had wanted and the Liberals publicly promised the previous year.[125]

In those cabinet discussions of October 1965 that had approved the Lingan mine, ministers never considered nationalization as a possibility or that the government should seek the final closure of the collieries. MacEachen's assumption then had been that the mines would remain open indefinitely under private ownership, and that the "comprehensive plan" Donald was working on would be some changes to federal subsidies and more money for modernizing DOSCO's operations.[126] By publicly tying the implementation of any future coal policy to the results of the forthcoming report, the Pearson government had all but committed to carrying out whatever Donald suggested. The government had for decades pursued a policy of giving DOSCO what it wanted in the hope it would keep delivering employment on Cape Breton Island, but now balked when what DOSCO wanted was nationalization. DOSCO had received nearly $176 million in federal subsidies from 1929 to 1965, but when profit became impossible it was trying to dump the social problems of closure on the government that had enabled them.[127]

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[124] LAC, Lester B. Pearson Fonds, Prime Minister's Office Correspondence, 1965-1968 (N4), Minerals and Fuels - Coal - Donald Report, 1966-05-02, MG26-N4, Volume 181, File 546.
[125] Donald, *The Cape Breton Coal Problem*, 34-35.
[126] LAC 1965-10-04, Cabinet Conclusions, RG2, Privy Council Office, Series A-5-a, Volume 6271, 10-12.
[127] Donald, *The Cape Breton Coal Problem*, 92.

By June the federal government had slightly altered its public message to say that they had received the Donald Report and were now considering it, but did not reveal what was in it. At least some of the recommendations had leaked as a telegram to Pearson from Local 4520 UMWA 26 claimed knowledge of a "partial report" which had "caused near panic. Social and economic prices feared," and demanded the federal government halt any closure.[128] Mines minister Pepin responded that the cabinet had not "had the time to properly digest" the report. Pepin assured the union local that "any actions the Federal Government takes will be constructive and not destructive."[129] District 26 held their convention in July, and at this point the membership clearly knew Donald recommended closure. They lay the blame on twenty years of federal policy. "We have no hesitation, [...] to advocate the nationalization of the industry," read the preface of a resolution which delegates passed, demanding public ownership for "the salvation of the coal industry."[130]

Internally some of the cabinet was getting indigestion from the report. In another letter to Pearson, MacEachen reiterated his support for the October 1965 election promise for the Lingan mine and argued that if Donald's plan was adopted, then the "policy pronouncements of last Fall could be fitted into the general framework of his plan."[131] MacEachen then noted that the report was not a royal commission, so the recommendations were not binding on the government, and that he opposed definite closure of the industry. He suggested that the Donald Report be kept under wraps for the time being, so as not to alarm anyone. Finally he wanted a small group of cabinet ministers, including himself, to study the report and consider what to do.[132] This was

[128] LAC, Lester B. Pearson Fonds, Prime Minister's Office Correspondence, 1965-1968 (N4), Minerals and Fuels - Coal - Donald Report, 1966-06-10, MG26-N4, Volume 181, File 546.
[129] Ibid.
[130] LAC, Allan J. MacEachen Fonds, Cape Breton - Coal Mines Problems and Government Policy 1966, 30th Consecutive Convention UMWA 26, July 18, 1966, R16050, Box 66, File 4.
[131] LAC, Lester B. Pearson Fonds, Prime Minister's Office Correspondence, 1965-1968 (N4), Minerals and Fuels - Coal - Donald Report - Personal and Confidential, 1966-06-03, MG26-N4, Volume 181, File 546.
[132] Ibid.

done, and on August 9, Pepin reported that the special committee had agreed in principle that the government should acquire the mines, but as key individuals at DOSCO were on vacation, the committee was not ready to report to cabinet.[133] A month later, Pepin updated the Prime Minister that the committee had not reached agreement on a number of Donald's other recommendations, or the 1965 election promise, and that "some members feel that we are doing too much for Cape Breton, others that we are not doing enough!"[134] Pepin included a draft proposal for the full cabinet to review in hopes that they might break the deadlock.

Finally on October 11, 1966 the Pearson government publicly tabled the Donald Report to gauge public opinion. The press release merely summarized the study's contents, but did not state what the government intended to do about the 'coal problem.' The press release also publicly revealed that DOSCO "has informed the Government that it intends to dispose of all its coal mining properties."[135] This provoked a flood of letters to the Prime Minister from Cape Breton about the prospect of closure for all four remaining mines. On October 19, Neil Kennedy of New Victoria wrote that "I am a fifty six year old Cape Breton miner who has worked in the mines from the age of sixteen," and he expressed his complete support for implementing the Donald Report.[136] If the government was hoping for lots of letters like Kennedy's which expressed a clear preference on the report they were quickly disappointed. Mrs Allan MacKenzie of New Waterford identified herself as a miner's wife and mother of five. After describing the poverty of her family because of her husband's unstable employment, she went on to say "Yes I say close the mines because every day a miner goes down under, there is always the fear will he come back home." Next she worried about what support unemployed miners would receive,

[133] Ibid, DOSCO, 1966-08-09.
[134] Ibid, DOSCO, 1966-09-07.
[135] LAC, Paul Hellyer Fonds, Department of Transport, Transport - Dominion Steel & Coal Corporation (DOSCO)(11-1-1), 1966-10-11, MG32-B33, Volume 93, Coal Industry - Federal Assistance (11-1).
[136] LAC, Lester B. Pearson Fonds, Prime Minister's Office Correspondence, 1965-1968 (N4), Minerals and Fuels - Coal - Donald Report, 1966-10-19, MG26-N4, Volume 181, File 546.

asking Pearson, "how would you like it if tomorrow you & your family were thrown out of work & put on the street." Then she implored the Prime Minister to do the right thing, without specifying what that was other than it would "lift the heavy dark cloud that hangs over Cape Breton."[137]

There is a temptation to read Mrs. MacKenzie as confused about what she wanted for her family and community, but she was articulating a deep ambivalence about the coal industry. On the one hand it provided jobs that sustained her town, but on the other, the work was low paying and dangerous. DOSCO had followed a strategy of regional disinvestment that successive governments had passively subsidized, which was now exploding into crisis that deeply impacted her. Furthermore, the state with its legions of experts and extensive financial resources had publicly acknowledged its own indecision, so Mrs. MacKenzie's contradictory ambivalence was understandable. Generally, no one supported immediate closure or opposed nationalization, but most were critical about the other main recommendations of the Donald Report, primarily the phased closure and cancelling the Lingan mine. The Reserve Mines branch of the Royal Canadian Legion telegrammed to "strongly protest" the phased "closing of all the mines in Cape Breton in the next 10 or 15 years." They also wanted the "promised $25,000,000 dollars[sic] be granted to make the mines more efficient working conditions and opening new mine at Lingan."[138] New Waterford's town council predicted that Donald's phase-out schedule would have apocalyptic consequences, that if "this report is implimented[sic] as it stands, the Town of New Waterford with population 9,100, will cease to exist in three years."[139] Sydney city council was more supportive of the report but "suggest instead that all closures await creation of

[137] Ibid, Coal, 1966-10-18.
[138] Ibid, Donald Report, 1966-10-17.
[139] Ibid, Donald Report, 1966-10-20.

adequate new employment in Cape Breton."[140] While nationalization itself was not really commented on, the letter writers displayed an awareness that the government would be more open to moral arguments against closure. The King Edward VIII chapter of the Imperial Order Daughters of the Empire in New Waterford argued that alternate employment had to be provided first, as they "felt that this is essential to protect families, homes and communities."[141]

The correspondence received by Ottawa through 1966 demanding the government save Cape Breton coal had much in common with what many British scholars have found. They use historian E.P. Thompson's concept of 'moral economy' to examine this deindustrialization process. Thompson applied moral economy to 18th century Britain to explain that food riots "followed a particular logic and rationality" derived from a clash between existing popular notions of socioeconomic moral rights to basic sustenance and the emerging industrial capitalist order of an unregulated free market in grain. Sociologist Tim Strangleman argues that moral economy helps explain how deindustrialization was mediated between workers, communities, and the state. Opposition to deindustrialization was primarily expressed in moral terms, demanding that stable employment took priority over corporate bottom-lines.[142] When the federal government publicly announced it was considering nationalization, it opened a new avenue for Cape Bretoners to resist pit closure. It enabled them direct moral arguments at those most likely to listen — elected officials. This was enhanced by specific local factors, such as the long federal intervention in the industry, MacEachen being a powerful cabinet minister, and well developed community solidarities. The government also wished to avoid the American counter-example where the state did not restrain market forces, "even though many communities were ravaged by

[140] Ibid, Donald Report, 1966-10-26.
[141] Inexplicable why they kept that chapter name; Ibid, Donald Report, 1966-10-28.
[142] Strangleman, "Deindustrialization and the Historical Sociological Imagination," 468, 478.

abrupt mine closures."[143] More generally, the Pearson government's expansion of social welfare made Ottawa amenable to moral economy arguments that Cape Breton not become another West Virginia.

The letters would continue into the new year, but at the beginning of November the cabinet was taking stock of the public response. Pepin complained that "generally speaking, those concerned had increased their demands even further over what they had previously requested[.]"[144] MacEachen, the minister from Cape Breton most accurately assessed what his constituents wanted, which was that the federal government halt any closure, follow through on the promised Lingan mine, and only phase out collieries after new jobs had been created. He had warmed on nationalization, but believed the responsibility should be downloaded on the Nova Scotia government "to establish and operate a Crown Corporation that would include a federal presence and financial participation."[145] Cabinet shunted the issue back to the special committee on coal for further deliberation. The committee floated a series of drafts past cabinet in the following weeks. The idea of a provincial crown corporation was dropped, but Nova Scotia's participation would be sought for the federal one. In the December 8 cabinet meeting, and despite some ministers fearing a "dangerous precedent for a government professing to support principles of free enterprise[,]" a decision had been reached.[146] Pearson "summarized the discussion by saying that the Cabinet had agreed on the principle of the scheme and this should not now be considered as open to further discussion."[147] Discussions with Nova Scotia and DOSCO were the next step before a public announcement.

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[143] Tupper, "Public Enterprise as Social Welfare," 538-540.
[144] LAC, 1966-11-08, Cabinet Conclusions, RG2, Privy Council Office, Series A-5-a, Volume 6321, 4-5.
[145] Ibid.
[146] The provincial DEVCO proposal was dropped because it would require federal financial support anyway, and Ottawa feared the NS government would get all the political credit. LAC, 1966-12-08, Cabinet Conclusions, RG2, Privy Council Office, Series A-5-a, Volume 6321, 9-11.
[147] Ibid.

The December 29, 1966 public announcement confirmed the mines would be saved, although beyond some rough numbers and basic proposals about what DEVCO would be able to do, the details were largely left to be determined later, which in practice meant the crown corporation had to work it out on the fly. Important to mention here, DEVCO only took possession of the colliery assets. While the steel plant's future "was in considerable doubt" by 1966, the future of coal mining was not, but the Donald Report's scope was limited to studying the 'coal problem' and not DOSCO's other business divisions. If DOSCO internally believed that the steel plant also had no future, then they kept that to themselves.[148] However DOSCO's ownership of its steel mill outlasted that of its mines by only a year. In October 1967 the company announced the plant would close the following spring. The federal government declined to absorb the steel mill into DEVCO, so instead the Nova Scotia provincial government nationalized it as the Sydney Steel Corporation (SYSCO) at the beginning of 1968. The mines and steel plant, both crown corporations, shared a somewhat intertwined fate until they closed in 2001.[149] A similar flood of letters to Pearson in the fall of 1967 did not convince him to intervene a second time.[150]

Winding Down, 1967-1973

Barely a year after the July 1967 *Cape Breton Development Corporation Act* became law, Coal Division vice president Gerald Blackmore delivered a speech to the Mining Society of Nova Scotia. His address entitled "Some Aspects of the Coal Industry of Tomorrow" offered a broad overview of expected technological improvements in mining and predicted increasing

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[148] Tupper, "Public Enterprise as Social Welfare," 536-538.
[149] For SYSCO's entire history see, MacKinnon, *Closing Sysco*.
[150] Andrew Parnaby, "Growing up Even More Uncertain: Children and Youth Confront Industrial Ruin in Sydney, Nova Scotia, 1967," in *The Deindustrialized World*, 90-91.

future energy demands. Anticipating audience interest in DEVCO's future, he told them: "to date little has been achieved to conflict with the trends of the Donald Report," meaning managed closure was still the overall plan. However, Blackmore injected some optimism by saying that with "good management and the cooperation of all concerned, there are sound markets for coal at the right price increasingly produced by the equipment we are progressively installing in Cape Breton."[151] DEVCO had only formally taken over DOSCO's mining assets three months earlier, yet here was the man put in charge of the Coal Division suggesting that its mission to phase out coal might be unnecessary after all.

During the first six years, the Coal Division hewed closely to its original purpose of progressively reducing the workforce and winding down production. While the legislation mandated this, the timeline remained open-ended, and dependent on the availability of comparable alternative employment. Otherwise, DEVCO was granted significant autonomy and financial capacity to determine how it might go about this, which crucially included the discretionary power to open new collieries.[152] The federal government promised funding for the proposed Lingan Mine in 1965 and the money was still on the table, although the decision was left to DEVCO. The Donald Report had come down against new mines and recommended a firmer fifteen-year schedule, but the government was sensitive to Cape Bretoners' demands that the Lingan mine go ahead and that there be no hard deadline for the closure of the industry. Local opinion was opposed to the prospect of completely shuttering the coal industry, and omitting an end date was a concession that would have major ramifications for DEVCO.

Ultimately, the Coal Division's winding-down was contingent on the success of the Industrial Development Division's efforts to redevelop the island's economy away from coal.

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[151] LAC, Douglas H. Fullerton Fonds, Coal-General Policy [DEVCO] 1968-1970, Some Aspects of the Coal Industry of Tomorrow by Gerald Blackmore, June 27, 1968, R14521, Volume 20, File 5.
[152] *An Act to Establish the Cape Breton Development Corporation*, July 1967, c. 6.

Despite both administrative bodies being part of the same crown corporation, the archival material suggests they operated separately. The redevelopment program is largely outside the scope of my thesis, but it is worth providing some context. Historian Will Langford identified the 1970s as the main period when DEVCO was a vehicle for regional development. From 1968-1971, a strategy of 'industrial prospecting' was pursued using fairly traditional methods of infrastructure improvements, tax incentives, and subsidies to attract manufacturing firms to Cape Breton. Few companies took up the offer and those that did were dependent on ongoing financial aid. With a change in leadership in 1971, DEVCO altered course to develop sectors such as agriculture, tourism, handicrafts, and small-scale entrepreneurialism. However, the planned shift away from industrial employment met with little success, and government efforts waned by the late 1970s.[153]

Unlike the Industrial Development Division, which had to be built from the ground up, the Coal Division inherited DOSCO's mining assets, coal contracts, and personnel. At handover on 31 March 1968, this comprised five collieries (No. 12, No. 20, No. 26, Princess, and the McBean mine on mainland Nova Scotia in Pictou County), the 187 kilometre Sydney-Louisbourg Railway, and approximately 6,100 employees, 5,100 of whom worked underground. Worker morale was low and absenteeism averaged 15%. Coal production for 1967-68 was 3.1 million tons and falling. As DOSCO had decided in early 1965 they were exiting the coal business, they had ceased further investment and let things deteriorate. In the first year DEVCO expected a $32 million loss, $4 million more than initially budgeted. In July

[153] Langford, *The Global Politics of Poverty*, 159-163, 168-176, 178-184, 210-211.

1968, months before a final Coal Division plan was even adopted, they went ahead with the purchase of new mining machines to reduce future costs through higher productivity.[154]

DEVCO's first president Douglas Fullerton prioritized getting the enormous operational cash bleed under control. As required, on 1 October 1968, he submitted to the federal government the crown corporation's proposed plans. There would be a general hiring freeze within the Coal Division, allowing the workforce to decline by an expected 1,300 to 2,300 employees over the next five years. All employees with at least fifteen years service would be forced into retirement once they reached sixty years of age. The proposal also allowed workers aged 55-59 to opt for early retirement, which together they estimated would reduce the payrolls by another 1,500 persons.[155] Coal production would be reduced by one-third by 1973, or two million tons output. Given that the workforce was anticipated to fall much faster relative to coal tonnage, there would be a need to improve productivity through mechanization. Fullerton figured they could double productivity in five years from 2.5 tons per man-shift.[156] On paper there would be no layoffs, and older workers were guaranteed a pension, but the plan relied heavily on natural workforce attrition. Quitting was technically voluntary and not compensated, but encouraged because it improved DEVCO finances.

As for the mines, DEVCO opted for consolidation. Princess (Sydney Mines) and No. 12 (New Waterford) were completed in 1908, No. 20 (Glace Bay) in 1939, and No. 26 (Glace Bay) in 1943 (see Map 3). The first two mines were dug in an earlier technological era, using the room-and-pillar method rather than long-wall, which was much more suitable for mechanization.

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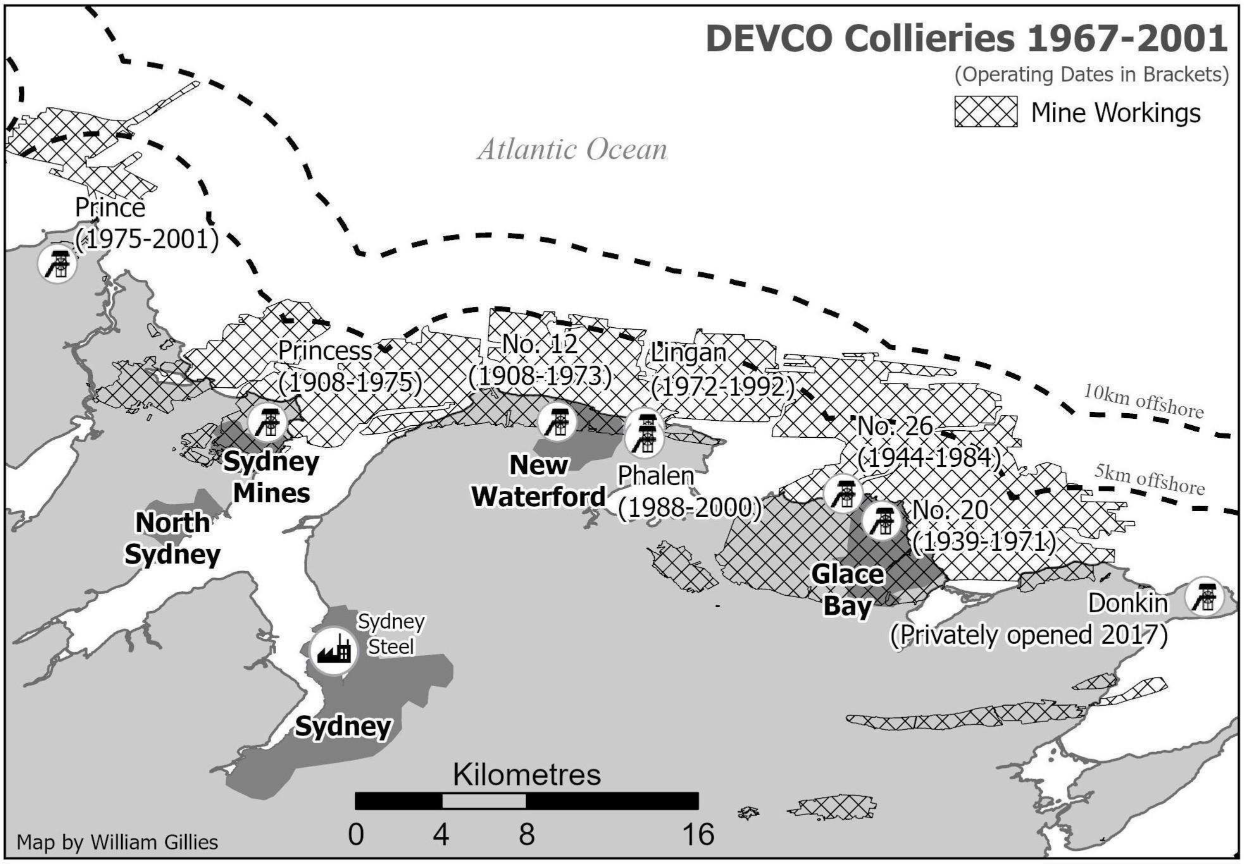
[154] The McBean mine will not be discussed further here as it was slated for immediate closure when nationalized, and was shut down in 1971. LAC, Douglas H. Fullerton Fonds, Coal-General Policy [DEVCO] 1968-1970, various documents spring-summer 1968, R14521, Volume 20, File 5.

[155] Pre-Retirement Leave (PRL) plan. While I will not be discussing it here, it should be noted that miners complained for years that it was insufficient. It was paid from DEVCO's operating budget who resisted increases.

[156] LAC, Douglas H. Fullerton Fonds, DEVCO Plan - Final - Coal Mining Operations, Overall Plan Required Under Section 17 of the Cape Breton Development Corporation Act October 1, 1968, R14521, Volume 22, File 5.

Moreover, "antiquated and tortuous haulage ways [...], and in the inadequate ventilation" made any mine refurbishment unfeasible. Any further investment in these older mines were deemed "money down the drain." Investment was instead directed at the opening of the new Lingan Mine, and as a modern mine it could achieve high output at low unit costs. When fully operational in 1974, it would employ 1,500 people, mostly drawn from older mines. Planners anticipated that Lingan would break even operationally over its expected twenty-year lifespan. Indeed, once operational, the new mine would make it "possible to close all other mines." Politically, it expected that the opening of the Lingan mine "will counteract some of the adverse publicity" of forthcoming mine closure announcements. The federal cabinet quickly signed off on the plan with only minor revisions.[157] United Mine Workers of America Local 4529 panned the plan, noting that no refurbishments and only one new mine meant a net loss of 4,000 jobs over the next five years. Indeed, "if this is the government's action to create a just society it leaves room for a lot of hardship on the citizens of Glace Bay and surrounding mining centres."[158]

[157] Ibid, Memorandum to Cabinet and Reasons for Developing Lingan, October 18, 1968.
[158] Ibid, Telegram to Douglas Fullerton from UMWA Local 4529, November 21, 1968.



Map 3: DEVCO Collieries 1967-2001[159]

This phase of DEVCO has major similarities to what was then happening across the Atlantic with Britain's National Coal Board. While the NCB was not created to shut the industry down, the 1960s were a period of massive pit closure. The NCB had 737 collieries employing 658,000 miners in 1959, but a decade later this had dramatically fallen to 319 mines and 336,000 colliers. Output decline was less dramatic, going from 196 million tons to 156 million. The NCB pursued a strategy of mine mechanization and digging modern 'super pits' to offset financial losses. Improving production efficiency was promoted as the only alternative to full closure. Younger men were encouraged to leave the industry, while those who did not want to, were

[159] Derived from "Mineral Resource Land Use Atlas," Geoscience & Mines Branch, Department of Natural Resources and Renewables, Nova Scotia, accessed January 5, 2025, https://fletcher.novascotia.ca/DNRViewer/?viewer=MRLU.

moved to other collieries when a mine closed as part of sectoral consolidation.[160] In the face of coal's poor market prospects, that was how the NCB responded, albeit in a slower and more socially controlled fashion than a private firm would have done.

For example, pit closure in Scotland under the NCB "was mediated by the moral economy of the Scottish coalfields," argues Jim Phillips and nationalization "further stimulated moral economic thinking." It explained the interface between miners and their state employer, so that social considerations would be incorporated along with economic ones in any colliery closure decisions. The NCB responded to worker pressure that closure have advance warning and consultation, any men affected would have the opportunity to transfer to a nearby pit, or suitable alternative employment would be found. The sudden shuttering of one Fife mine after a 1967 disaster was seen as violating the moral economy, and the community successfully demanded that the state invest in other local industry.[161] In Lanarkshire, Ewan Gibbs found that there was widespread expectation that the NCB behave in a socially responsible fashion, although there was no clear agreement by his interviewees on what that entailed. Some felt consultation and transfer were sufficient, while others wanted more community control over the process, including a local veto over closure.[162] Pit closures were similarly very unpopular in Cape Breton, and nationalization gave workers and communities leverage to make moral economic demands about the future of the coal industry.

While DEVCO's mission was to phase-out mining, they were constrained by a local moral economy that expected government social responsibility. It caused constant tension over closure timelines, and the crown corporation could not unilaterally override opposition. In 1970,

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[160] Beynon and Hudson, *The Shadow of the Mine*, 49-53, 60-63.
[161] Jim Phillips, "The Closure of Michael Colliery in 1967 and the Politics of Deindustrialization in Scotland," *Twentieth Century British History* 26, no. 4 (2015): 558-560, 564, 569-570.
[162] Ewan Gibbs, "The Moral Economy of the Scottish Coalfields: Managing Deindustrialization Under Nationalization c. 1947-1983," *Enterprise & Society* 19, no. 1 (November 2017): 129, 134, 141-143.

the Coal Division plan indicated that DEVCO intended to shut the Princess Colliery, No. 20, and No. 12, but only “as soon as reasonable, alternative employment can be obtained.” Strong local support for keeping mines open pressured planners to find viabilities in the Coal Division that could excuse closure delays. When market demand for coking-coal increased, No. 26 was designated for modernization, Lingan’s completion was upgraded to a certainty, and other tentative prospects were surveyed.[163] However, when workforce reduction allowed for it, DEVCO moved to close. No. 20 in Glace Bay was the first mine to close in summer 1971, with safety and uneconomical workings cited as the main reasons. The UMWA Phalen local protested, and submitted a proposal to refurbish the mine.[164] DEVCO took the union’s plan seriously enough that they commissioned a study to investigate reopening the mine, but ultimately rejected it.[165] Glace Bay had already been hit by multiple closures before nationalization, and had a 17% unemployment rate even before this one.[166] The town, like many others recognized that DEVCO’s non-replacement of workers who quit or retired was in reality a local net job loss, and made even more acute by the end of No. 20.

The moral economy of nationalization offered workers some power, but like the NCB, DEVCO never surrendered managerial prerogatives, and compensation was a tool to buy acquiescence for their decisions.[167] By January 1971, colliery employment in Cape Breton was down to 3,377. Workforce reduction caused production problems. Fullerton, who had resigned as president in 1969 and was back as a consultant, claimed that the “coal shortage due to lousy

[163] Cape Breton Development Corporation Fonds, Revised Policy Statement of the Cape Breton Development Corporation Coal Division, 1970, MG 14.13 (10), Beaton Institute, Cape Breton University.
[164] LAC, Allan J. MacEachen Fonds, PC ii&iii 1970-1972, Cape Breton Development Corporation, Letter to Robinson Ord, June 18, 1971, R16050, Vol. 3, Box 484, File 7.
[165] Ibid, Report of the Feasibility Committee for Number 20 Colliery, January 20, 1972.
[166] Ibid, Letter to Minister Jean Marchand, February 10, 1972.
[167] Gibbs, “The Moral Economy of the Scottish Coalfields,” 145-146.

productivity."[168] Management blaming workers for the Coal Division's regular failures to meet targets was routine through to the end. The threat of accelerated pit closures was used as a club to pummel workers into accepting management plans. A July 1970 letter from Blackmore to UMWA District 26 president William 'Bull' Marsh criticized union members' failure to meet output quotas and rebuffed union demands for improved wages and working conditions. Blackmore dangled the threat that UMWA conduct "raises questions as to whether the development of the Lingan mine is justified unless there is proven cooperation."[169] Fullerton piled on with complaints about union stubbornness. "Marsh and his boys," lacked "any understanding of what Ottawa was doing for them." They needed to accept management plans since "no group of people in Canada is getting a better deal from the government, yet few are more grateful."[170] DEVCO management had little patience for criticism from miners, but workers still had leverage to extract concessions by raising production costs, knowing that DEVCO was legislatively prevented from laying them off permanently.

Moral economy has limits for explaining DEVCO policy because local opposition was not the only consideration for planners. Moving too fast to divest from coal mining also risked upsetting DEVCO's other obligations like stabilizing the island's economy. By early 1971, the federal Department of Regional Economic Expansion (DREE), which oversaw DEVCO, had grown concerned about the lack of progress. Coal Division VP Gerald Blackmore, advocated for a lean, modern mining operation over the medium term until regional development programs delivered the promised replacement jobs. Fullerton, consulting for DREE, was tasked with investigating poor performance and evaluating a recent proposal to refurbish two mines

[168] LAC, Douglas H. Fullerton Fonds, Coal - Cape Breton 1966, 1969-1970, Letter to Tom Kent, February 9, 1971, R14521, Vol. 20, File 3.
[169] Ibid, Letter to W. H. Marsh, July 15, 1970.
[170] Ibid, Letter to Tom Kent, January 18, 1971.

supplying local industry. The SYSCO steel plant was dependent on DEVCO for coking-coal from No. 26. DEVCO had even taken over the coking plant at the mill to refurbish it, locking it in further. Fullerton cautiously endorsed the plans, but strongly urged more mechanization to lower production costs.[171] The Coal Division was entangled with the regional economy, so even if miners quietly accepted management dictates, there were important industrial consumers still dependent on Cape Breton coal.

The outstanding coal contracts proved crucial in convincing DEVCO to pursue mine modernization. As a provincial crown corporation, SYSCO was an important consideration but more so was the Nova Scotia Power Corporation (NSPC). Despite having a "very favourable deal on oil from Gulf [Oil Company]," the public utility still "seemed interested in siting a power plant on top of Lingan opening, and it could make sense."[172] The sense in coal power only grew as oil became a much less favourable deal after 1973, and Lingan Generating Station was started in 1976. NSPC was founded in 1919, but only completed the provincial government's monopoly on electricity generation and distribution in 1972. This was in part thanks to DEVCO's creation, as DOSCO's coal-fired Seaboard Generating Station in Glace Bay was handed over to the province at nationalization. In 1967-68, 688,000 tons of coal was sold for electricity generation in Nova Scotia, half of which went to the NSPC. Ontario Hydro bought another 788,000 tons, so the market for thermal coal absorbed almost half of DEVCO's production at the start.[173] However, DOSCO and then DEVCO routinely failed to meet its obligations due to production problems. One power plant complained that this reduced the federal subsidies they received for burning Nova Scotia coal, and "ask you, therefore, to make a reduction in the price."[174]

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[171] Ibid, Letter to Tom Kent, January 18, 1971.
[172] Ibid, Letter to Tom Kent, February 9, 1971.
[173] LAC, Douglas H. Fullerton Fonds, Coal-General Policy [DEVCO] 1968-1970, Dominion - Old Sydney Collieries Sales 67/68, R14521, Vol. 20, File 5.
[174] For example, a power station at Halifax contracted 410,000 tons for 1967-68 but received only 248,406. Next year the order was for 425,000 tons but the Coal Division estimated they could only deliver 160,000. Ibid, Coal

DEVCO's founding legislation further complicated its relationship with NSPC. The legislation eliminated the entire federal subsidy regime for coal and consolidated public expenditure in one place so it could be more easily reduced. The subsidies being phased out not only applied to coal production costs, but also to consumption costs when burned to generate electricity. Industrial power consumers received rebates on their electric bills to offset the true cost of coal. These subsidies were handled under the *Atlantic Provinces Power Development Act* which was renewed every five years. With DEVCO now in operation, the federal government indicated it would let the legislation expire in November 1969. NSPC expressed concern this meant the end of rebates for industrial power customers in the province, with potentially negative economic consequences. NSPC wanted to negotiate new long-term contracts to smooth out rate hikes. DEVCO, reluctant to add to its losses on coal sales, was willing to offer cheaper coal in the future through modernization projects like Lingan, "in other words a 1969 mine with 1969 equipment to replace a 1900 mine with 1969 equipment."[175] In a follow up meeting, DEVCO committed to prioritizing deliveries of thermal coal to incrementally reduce rebates over ten months.[176] It was not a smooth process. Later that year NSPC contacted its industrial customers, including DEVCO, informing them "coal subvention credits will be applied to your November 1969 bill, but not to subsequent bills."[177] The combination of ending subsidies and output reductions caused customer loss in central Canada, which in relative terms made NSPC the single most important buyer of DEVCO coal by 1971.

Tom Kent's appointment as president in September 1971 represented a shift in DEVCO policy. Coming from DREE in Ottawa, Kent was a staffer in the Liberal government since 1963,

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Contract with Nova Scotia Light and Power, February 7, 1969 / Letter from Nova Scotia Light and Power, January 22, 1969.

[175] Cape Breton Development Corporation Fonds, Minutes of Meeting with Nova Scotia Power Commission, January 17, 1969, MG 14.13, NSPC, Box 4, 9D, Beaton Institute, Cape Breton University.

[176] Ibid, Note of Meeting Held at Offices of the Nova Scotia Power Commission, February 3, 1969.

[177] Ibid, Letter to Gerald Blackmore, November 28, 1969.

and an intellectual architect of many of its social welfare reforms. In taking over DEVCO he was primarily interested in reshaping the regional development program. However, he also made major changes to the Coal Division that would outlast the end of his presidency in December 1977.[178] Instead of running down the mines, the industry would be stabilized for the time being. In a 2001 retrospective, he claimed this was in line with the original mission, as "paradoxically, the efficient way to phase down gradually was to open new mines."[179] This observation accords with the reasoning outlined in 1971, but Kent conflated Lingan and another new mine, Prince, as outgrowths of the same policy, when the latter was actually a product of the post-1973 expansion. Kent was to some extent confirming and strengthening policy decisions already made, as the federal government had realized that the Coal Division was an indefinite commitment and there was no prospect of an alternative economic base for Cape Breton anytime soon. Furthermore, the coal mines were integrated with steel-making and electricity generation. Unwilling to simply dump the industry, the federal government made a bet — "if there is anything near a reasonable chance of a modernised coal industry breaking even, or anywhere close to that, the industry should be modernised and continued."[180]

The immediate result was the money made available to modernize No. 26, while Princess and No. 12 would get some refurbishment to remain operational for a bit longer. Announced to the public in September 1972, it was framed as a reprieve. DREE minister Jean Marchand, a former union leader from Quebec, told a Glace Bay crowd that the "long attrition of the industry, the continuous reduction in its employment, will at last be halted."[181] The reprieve was only

[178] Langford, *The Global Politics of Poverty*, 177-178.
[179] Cape Breton Development Corporation Fonds, Tom Kent: Devco Retrospective, January 2001, MG 14.13, Beaton Institute, Cape Breton University.
[180] LAC, Allan J. MacEachen Fonds, PC ii 1971, Memos SYSCO-DEVCO, Discussion Memorandum on SYSCO-DEVCO, February 8, 1971, R16050, Box 311, File 5.
[181] LAC, Allan J. MacEachen Fonds, PC ii&iii 1972-1974, Cape Breton Development Corporation, Statement on Government Approval of DEVCO Program, September 22, 1972, R16050, Vol. 4, Box 484, File 8.

partial however, as it came after DEVCO had nearly halved mining employment over the previous six years, and it stood at 3,531 in 1973.[182] No. 12 was closed after a March 1973 fire that killed two men, bringing the number of mines inherited by DEVCO to half. Yet the retrenchment of coal mining provoked "considerable misgivings" from the federal finance minister, as it suggested a "long-term commitment for the build-up of coal production which would be in practice irreversible."[183] Marchand rebuffed such concerns, arguing that a strict policy of reduction was too expensive, and the Coal Division was simply doing what made the most sense to keep operational losses down. Marchand was correct that this was not intended to be a new beginning for Cape Breton coal. Yet the decision to modernize, driven by the failure to economically diversify and local resistance to closure, put DEVCO in a very fortunate position when the world price of oil shot through the roof in October 1973.

Generating a Future for Coal, 1973-1984

"God Bless the Arabs," UMWA District 26 president 'Bull' Marsh told a journalist in 1980: "I love them!"[184] Marsh was expressing a widespread local sentiment that the years of high energy prices following the October 1973 Arab-Israeli War and subsequent oil embargo of many Western countries (including Canada) by the Organization of Arab Petroleum Exporting Countries had definitively proven that Cape Breton coal had a future. Evidently, DEVCO management shared his enthusiasm. After 1973, coal production soared, and hit record levels by 1979. To put this into further perspective, coal output declined from 2.2 million tons to just over one million in 1973 only to recover to 2.6 million by decade's end. Productivity had also doubled

[182] *Cape Breton County Development Canada/Nova Scotia*, Interim Subsidy Agreement, 6A.
[183] LAC, Allan J. MacEachen Fonds, PC ii&iii 1970-1972, Cape Breton Development Corporation, Letter from Jean Marchand, May 24, 1972, R16050, Vol. 3, Box 484, File 7.
[184] Ian Anderson, "A Reprieve for Cape Breton," *Maclean's*, July 14, 1980.

during the 1970s, from 2.49 tons per man-shift to 5.1 tons.[185] Mostly, this was due to the new Lingan mine, the first of several new modern mines. On 20 February 1974, DEVCO announced that the hiring freeze was over, with Tom Kent proclaiming that "a black cloud has lifted from the mining communities of Cape Breton."[186] The long decline of the industry was suddenly over, buoyed by the demand for cheaper alternatives to oil, and revitalized by federal policy seeking national energy security.

Energy policy was the most important explanatory factor here, although there were some other dynamics. As noted above, the original wind-down had already been shelved by 1972, so the oil crisis merely confirmed that decision rather than being responsible for it. What high energy prices did do was offer a very persuasive reason to entirely reverse course. Coal was back, baby and it was good again. Barely a month into the crisis, the municipalities of Industrial Cape Breton jointly wrote to the federal and provincial governments petitioning "to open new coal mines in the area for the benefit of employment in our area as well as the supplying of necessary fuel for the country at large."[187] Ottawa was in the mood to listen, because there now appeared a chance for DEVCO to satisfy everyone's desires. Events in the Middle East encouraged alignment between workers, communities and government on Coal Division plans. New mines; new coal-fired generating stations; and new regional economic opportunities raised the possibility that DEVCO could pay for itself in the near future. Following the political path of least resistance had apparently paid off — Cape Breton coal could be saved yet.

However, this was not a proactive strategy, since coal's increased value was heavily dependent on upward forecasted crude prices. New money for DEVCO came from a federal

[185] Cape Breton Development Corporation Fonds, *Thirteenth Annual Report*, Cape Breton Development Corporation, March 31, 1980, MG 14.13, Beaton Institute, Cape Breton University.
[186] LAC, Allan J. MacEachen Fonds, PC ii&iii 1972-1974, Cape Breton Development Corporation, Hiring and PRL, February 20, 1974, R16050, Vol. 4, Box 484, File 8.
[187] LAC, Allan J. MacEachen Fonds, PC ii&iii 40-1 1973-1975, Cape Breton Joint Expenditure Board, Resolution Re - New Coal Mines - Cape Breton Area, November 27, 1973, R16050, Vol. 4, Box 485, File 6.

government that was throwing cash around to enhance domestic energy security. Canada had a plethora of options beyond coal, primarily hydro, nuclear, and oil. Federal energy policy hedged its bets and put money on all sources, regardless if that represented a coherent plan for any specific industry. In the short term this was good for Cape Breton, but in the longer-term oil-rich Alberta was a much bigger beneficiary of the energy crisis. It also got federal top-ups to provincial and private investments for developing the oilsands.[188] Public investments into Alberta oil illustrated the importance of state action for developing energy and empowering some regions over others.

Also, the sudden opportunity for Cape Breton coal resulted from the lack of an assertive federal electricity policy. Despite abundant local coal, Nova Scotia had a primarily oil-fired electricity system. The problem was not strictly the miles between the mines and their markets, but the price of production and transportation. When the Donald Report presented a map of customer destinations for Cape Breton coal in 1966, the numbers beside each place were not measurements of distance, but the dollars-per-ton it cost on arrival. At Toronto a ton cost $7.85, yet at the much closer Halifax, it was more expensive at $9.15 because of differing transport costs.[189] Even with federal transport subsidies, local coal struggled to stay competitive with oil for electricity generation, and in the twenty years after the war, power stations built in the province used cheap imported oil. That continued until 1973 when the NSPC Point Tupper Generating Station in Cape Breton opened at the moment when the relative costs of coal and oil inverted. At the beginning of 1974, NSPC reported that 85% of its generating capacity was fossil fueled, with two-thirds of that coming from oil. In the 1973-74 fiscal year it budgeted $20 million for fuel, but the next year they anticipated a bill of up to $80 million. The existing

[188] Larry Pratt, *The Tar Sands: Syncrude and the Politics of Oil* (Hurtig Publishers, 1976), 97-100.
[189] Donald, *The Cape Breton Coal Problem*, 6-9.

disparity in electricity prices with the rest of Canada "was further apart than ever and the gap is widening." The high costs would "create severe hardship, and certainly will be a serious deterrent to any new industry, or to further expansion of existing industry in the future."[190] Transitioning the provincial electrical grid to coal would solve two problems. It created demand for Coal Division output and it kept power prices down to attract regional development.

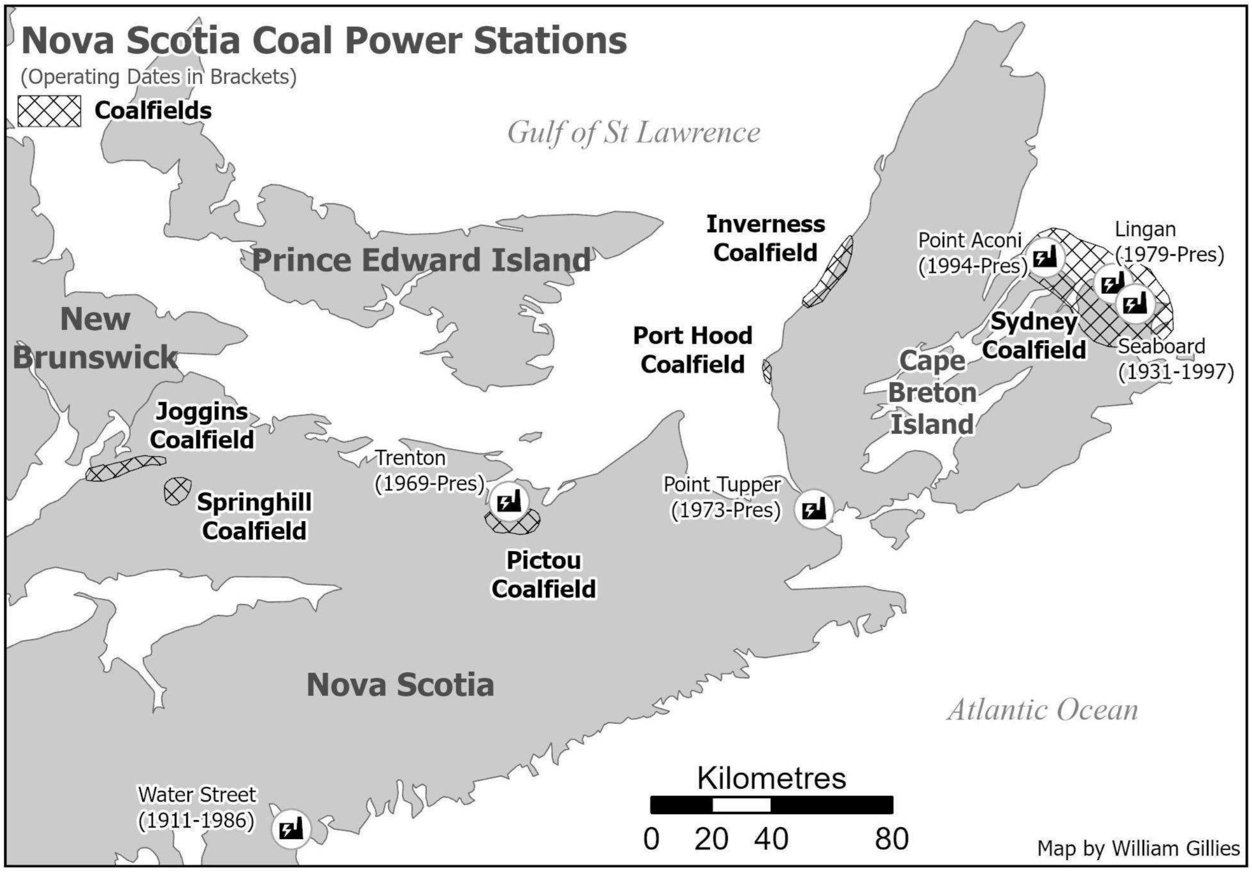
The energy crisis made Tom Kent quite bullish about the Coal Division's prospects. Presenting to a parliamentary committee in 1974, he argued that the planned phase-out of coal mining had been a failure and instead increased coal production could meet growing demand during the crisis. With Lingan about to enter full production, and No. 26's modernization was nearly complete, DEVCO decided to "become more ambitious" and open up another new mine, Prince. According to Kent, "we must concentrate on the things that would save the industry in the long run, even at the risk of worse troubles in the short run."[191] DEVCO leadership was confident it could find buyers for the coal, and a key target customer was thermal power stations, both domestically and internationally. A year later, a DEVCO press release trumpeted the docking of the *Confiance* at its coal pier, marking "the return of the kind of shipping season that has not been known in Sydney for many years."[192] It was one of thirty ships expected that year to haul away half a million tons of coal for power stations.

New export buyers were cause for optimism, but Nova Scotia's power plants remained the most important customer with its conversion from oil to coal (see Map 4). DREE outlined its policy reasoning in support of expanding DEVCO coal output, specifically as "vital to the long-range planning of energy production in Nova Scotia and will allow as rapid as possible

[190] LAC, Allan J. MacEachen Fonds, PPC & SSEA 30-4-9 Conferences, Federal Provincial Conference on Energy, Letter from NSPC, January 10, 1974, R16050.
[191] LAC, Allan J. MacEachen Fonds, PC ii&iii 40-1 1973-1977, Cape Breton Development Corporation, Notes for House of Commons Committee, May 1, 1974, R16050, Vol. 5, Box 485, File 1.
[192] Ibid, Cape Breton Coal for Britain and Ontario, May 6, 1975.

conversion from oil to coal in electricity production."[193] In July 1976 Nova Scotia Premier Gerald Regan announced a new power station at Lingan, which represented "the first step in the Power Corporation's plan to reduce its dependence on imported oil."[194] Regan noted this was faster than building nuclear power and had the advantage of supporting Cape Breton's coal industry. The Lingan coal-fired power plant would be composed of four 150MW generating units, with the first two coming online in 1979 and 1981, and were capable of burning up to one million tons of coal annually. When the station was fully operational in 1984, the NSPC projected consuming 2.4 million tons of coal annually, an immense jump from the 800,000 tons contracted five years earlier.[195] To put that into perspective, the 2.4 million tons was considerably larger than the Coal Division's entire annual output of 1.9 million tons for 1976-77.[196] DEVCO signed a thirty-three year contract with NSPC starting in 1977.[197] Coal mining's future seemed secure.

[193] Ibid, Letter to Allan J. MacEachen, February 23, 1977.
[194] Cape Breton Development Corporation Fonds, Lingan Power Plant Announcement, July 8, 1976, MG 14.13, NSPC, Box 4, 9D, Beaton Institute, Cape Breton University.
[195] Ibid.
[196] Cape Breton Development Corporation Fonds, *Thirteenth Annual Report*, Cape Breton Development Corporation, March 31, 1980, MG 14.13, Beaton Institute, Cape Breton University.
[197] Cape Breton Development Corporation Fonds, Long-Term Coal Pricing, April 26-27, 1976, MG 14.13, NSPC, Box 4, 9D, Beaton Institute, Cape Breton University.



Map 4: Nova Scotia Coal Power Stations[198]

The sudden uptick for coal nourished the hope that DEVCO would need to hire large numbers of miners. Cape Breton MP Allan J. MacEachen delivered a keynote at the 1973 UMWA union convention in Washington in December. A Canadian consular official who was present reported that the mood among union members was optimistic, especially after years of crisis and internal turmoil.[199] However, DEVCO was not quick to hire. In August 1975 Kent resisted demands to open three mines in addition to Lingan, No. 26, and Prince. "The result of employing 3,000 extra men now would be that in a few years time we would be back to the old

[198] Power stations sourced from "How We Make Electricity," Electricity, Nova Scotia Power, An Emera Company, accessed January 5, 2025, https://www.nspower.ca/about-us/producing. Coalfields derived from Donald, *The Cape Breton Coal Problem*, 2.
[199] LAC, Allan J. MacEachen Fonds, PPC&SSEA 80-4-4, Correspondence - Conventions - United Mine Workers of America, December 1973, R16050, Box 4261.

business of phasing down the industry again," he said.[200] Nonetheless, the coal division's first big wave of hiring came in late 1975 when Kent announced 550 new hires including 370 at the new Prince mine. The replacement of the old Princess mine by Prince represented a net decrease of ninety jobs in the North Sydney area.[201] A second round of hiring in 1979 brought the workforce up to 4,500, and it was projected that further expansion, with the opening of the Donkin and Phalen mines (see Map 3 pg 52), would add another one thousand miners by 1985.[202] The 1979 employment total was still considerably less than when DEVCO took over.

Tom Kent's tenure as DEVCO president ended in January 1977, and the expansion he set in motion continued into the 1980s. However, the Coal Division's ability to deliver on its promises, and often simply just deliver the coal was beset by constant problems. The DEVCO archival records held by Library Archives Canada in Ottawa mainly comprises technical and engineering documents that reveal never-ending mechanical setbacks and geological surprises. The Sydney coalfield is submarine, and miners tunneled beneath the ocean floor, reaching out almost ten kilometres from shore in some places. Everything that went in and out of the mine therefore had to travel many kilometres each way, and it was difficult to predict where the coal seam went until the cutting face advanced into a fault. Federal hopes that Cape Breton coal mining could break even and get Nova Scotia electricity off oil were frustrated by production issues, mine disaster, labour troubles, and federal energy policy. The next several paragraphs review each of these in turn from the mid-1970s to the early-1980s.

The constant pressure to meet financial targets incentivized the Coal Division to maximize production despite the risks of old mines, accidents, and geology. Yet through the

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[200] LAC, Allan J. MacEachen Fonds, PC ii&iii 40-1 1973-1977, Cape Breton Development Corporation, Press Release, August 15, 1975, R16050, Vol. 5, Box 485, File 1.
[201] Ibid, Devco to Increase Employment, November 13, 1975.
[202] LAC, Allan J. MacEachen Fonds, SSEA/MF 40-1, Companies, Associations, Boards, etc. 1980-1984, Cape Breton Development Corporation (pocket) 1/2, Cape Breton Development Corporation (CBDC) Strategic Overview 1981-2006, July 20, 1981, R16050, Box 962, File 8.

1970s production expanded steadily and Lingan set a world record for output in February 1979.[203] No. 26 also set a shift record, but two weeks later at 4am Saturday, 24 February an explosion ripped along the 12 South Face killing ten men immediately and two others died later of their injuries. The accident occurred eight kilometres from the mine's entrance but investigators were initially puzzled about what caused it. Methane and coal dust, the main ingredients for an explosion, were within acceptable levels. Equipment was properly maintained, and fire suppression systems worked to quickly contain the blast. They eventually determined that as the cutter reached the end of the face, the drum shearer hit a sandstone intrusion in the coal seam, generating sparks which ignited a pocket of methane gas in a poorly ventilated corner.[204] The inquiry into the disaster criticized government mine inspectors for lax enforcement and the Coal Division for poor safety culture.[205] It was the deadliest disaster of the DEVCO era, but did not force permanent closure of the mine. It did however reduce output and No. 26 produced the highest quality coal which commanded the best prices. It was therefore a major blow to DEVCO.

The expansion of the Coal Division weakened the relative labour peace that had prevailed since the 1947 strike due, in part, to the slow decline of the coal field. Deindustrialization undermined the leverage of the workforce to contest wages and working conditions because of the constant threat of pit closures. Miners feared for both their jobs and their lives as the company avoided new investment in the old mines. The end of the hiring freeze and increased employment led to high absenteeism and recurring illegal 'wildcat' strikes over various grievances. A 1976 letter from Kent to UMWA District 26 president 'Bull' Marsh complained

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[203] Lingan set a world record for its type of coal mine, with 7,331 tons in a day. No. 26 beat its own shift record, hitting 2,525 tons. LAC, Allan J. MacEachen Fonds, MF 40-1, Cape Breton Development Corporation, 1978-1980, DEVCO Collieries Continue Record Outputs, February 9, 1979, R16050, Box 852, File 2.
[204] Ibid, Investigator's Report, March 1979.
[205] Ibid, Elfstrom Report on DEVCO Explosion, May 20, 1980.

about the disruptions. Kent promised “severe disciplinary action against those who conspired in Thursday’s breach of contract at Lingan and Prince mines and at the Coal Pier.”[206] Kent’s successor, Steve Rankin, failed to improve labour relations, especially with the atmosphere of distrust after the No. 26 explosion. Dislike of being moved around between worksites sparked another wildcat in June 1979, which Rankin denounced as illegal.[207] Marsh’s retirement as UMWA district president in 1980, a position he had held since 1958, signalled the end of formal labour peace at the Coal Division. Throughout his term he had maneuvered to ensure new collective agreements passed member votes without much regard for rank-and-file concerns. The influx of younger miners, high inflation, and low pay led union members to vote down a contract proposal in 1981. Miners at Lingan walked out on 17 July, and were joined shortly afterward by the rest of the union. They then voted down two more proposals before accepting an offer which included a big pay increase.[208] The three month strike did little to resolve tensions, a federal report noted, and the Coal Division should “expect future wage demands to be for somewhat more than the increase predicted in the ‘Strategic Overview.’”[209] Constant labour strife through the period hurt Coal Division productivity, but workers knew that the state-owned nature of DEVCO afforded them more job security to contest poor treatment.

Federal energy policy encouraged the Maritime provinces to move away from oil for electricity generation, mostly to the benefit of DEVCO coal. However, federal energy policy also acted to blunt the impact of oil price hikes in the region, to the detriment of coal. The Maritime

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206 LAC, Allan J. MacEachen Fonds, PC ii&iii 40-1 1973-1977, Cape Breton Development Corporation, Letter to Bill Marsh, October 15, 1976, R16050, Vol. 5, Box 485, File 1.
207 LAC, Allan J. MacEachen Fonds, MF 40-1, Cape Breton Development Corporation, 1978-1980, Press Release, June 15, 1979, R16050, Box 852, File 2.
208 Lachlan MacKinnon, “Industrial Crisis and the Cape Breton Coal Miners at the End of the Long Twentieth Century, 1981-86,” in *Cape Breton in the Long Twentieth Century*, 250-257.
209 LAC, Allan J. MacEachen Fonds, SSEA/MF 40-1, Companies, Associations 1980-1984, Cape Breton Development Corporation (pocket) 2/2, Cape Breton Development Corporation: Problems and Opportunities, December 18, 1981, R16050, Box 963, File 1.

provinces were overwhelmingly dependent on imported oil. In response the federal government turned to regional subsidies for oil which paid the difference between higher import prices and lower domestic ones in order to equalize costs across the country. In the summer of 1974 Kent complained to the federal government about this eroding DEVCO's new competitive advantage with NSPC, and requested that coal receive a similar subvention to keep the relative price differentials between local coal and imported oil. The finance ministry denied the request several months later on the grounds of equity with other domestic fuel producers, and "nor would it be consistent with the economic policy inherent in the existing Canadian oil regime."[210] Although the Lingan Generating Station was under construction by 1976, transitioning the power grid to coal was a slow process. Suppressing fuel prices meant that there was less incentive to immediately convert existing oil-fired stations like Point Tupper and Tuft's Cove in Halifax to coal. Overall it was having the effect of harming the Coal Division's financial viability, and despite rejecting coal subventions in 1974 the federal government was essentially paying them anyway, by covering DEVCO annual operating losses. In effect, federal capital investment was being sunk into new mines that federal oil policy then rendered less competitive in the electricity-generation fuel market.[211] With production problems already depressing output, DEVCO urgently asked NSPC for an early renegotiation of contract prices in April 1980, as "failure to do so would jeopardize our ability to continue developing our resources at the pace contemplated by the Nova Scotia energy policy." Lower than anticipated output meant DEVCO was unable to fulfill all its contracts, but had prioritized NSPC, even sending them more valuable metallurgical coal at thermal prices.[212] NSPC refused and as they annually consumed 50% of the

[210] Cape Breton Development Corporation Fonds, Letter to Tom Kent, October 11, 1974, MG 14.13, NSPC, Box 4, 9D, Beaton Institute, Cape Breton University.
[211] John Henry Oliver, "Federal Oil Subsidies and the Economic Viability of the Cape Breton Development Corporation's Coal Division" (MA diss., McGill University, 1982), 54-60, 124-130.
[212] Cape Breton Development Corporation Fonds, Letter to NSPC, April 24, 1980, MG 14.13, NSPC, Box 4, 9D, Beaton Institute, Cape Breton University.

coal produced, their "contracts severely limit the Company's ability to turn a profit." Even at the 1983 renewal, the federal government despaired about "obtaining a realistic price from NSPC."[213]

The unending losses prompted the federal Treasury Board to ask DEVCO in 1980 when they could expect a financial turnaround, a problem "especially acute in view of the large capital investments which the Corporation will be seeking to undertake in the near future."[214] While they recognized the important role DEVCO played in Cape Breton's economy and in support of Nova Scotia's energy security, the Treasury Board wondered how much those considerations could be balanced against the continuing losses. They noted that DREE minister Pierre de Bané "has expressed his interest in seeing the privatization option explored."[215] This was the earliest mention of privatizing DEVCO that I found in the archives. Early the next year, de Bané along with MacEachen, now finance minister, announced $108.9 million for expanding the Prince Mine and developing a new mine at Donkin. Besides touting the hundreds of jobs this would create, the Liberal government argued that "these two large scale coal developments indicated the federal government's rational approach to further decreasing Canada's dependence on foreign oil for the generation of electricity."[216]

Power Transitions

DEVCO's long 1970s came to an abrupt end in 1984. Internally, the biggest change was the unplanned closure of No. 26 after a fire broke out underground on the morning of 5 April,

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[213] LAC, Herb Gray Fonds, Cape Breton Development Corporation General Correspondence ½ 1982, Memorandum to Mr. Gray, March 5, 1982, R14567, Box 373, File 12.
[214] LAC, Allan J. MacEachen Fonds, MF 40-1, Cape Breton Development Corporation, 1978-1980, Letter to Bud Olson, July 4, 1980, R16050, Box 852, File 2.
[215] Ibid.
[216] LAC, Allan J. MacEachen Fonds, SSEA/MF 40-1, Companies, Associations, Boards, etc. 1980-1984, Cape Breton Development Corporation (pocket) 2/2, News Conference, February 6, 1981, R16050, Box 963, File 1.

1984. One miner, Ronald MacDonald, was killed. As a result, DEVCO decided to permanently close the colliery, continue tunnelling Donkin, accelerate the development of the Phalen mine, and plan a replacement for No. 26. About 1,350 were temporarily laid-off as a result.[217] In May, Allan J. MacEachen arrived to announce $325 million in federal funding for the new mines, but also "initiated a thorough review of the company's coal operations to identify ways to improve operational performance."[218] It was still ongoing when the federal election happened in September 1984, and the long-reigning federal Liberal government went down to landslide defeat by the Progressive Conservatives of Brian Mulroney. Long-time champion of DEVCO, MacEachen had not run again. The new Mulroney government had much fewer patronage connections to the crown corporation and was ideologically opposed to state intervention in the economy, although it was initially content to review DEVCO's mission and performance before making any major decisions.

DEVCO's long 1970s had been a period of significant transitions. Originally created to transition the Cape Breton economy away from coal, after 1973 it expanded output as part of a plan to transition the Nova Scotia electrical system away from oil. By 1983-1984 DEVCO's coal annual output reached 2.8 million tons, and employed 4,291 to mine it at the relatively efficient rate of 5.3 tons per man-shift. Almost 56% of coal was purchased by NPSC, but that year DEVCO still posted a nearly $50 million operational deficit.[219] The 1970s change in policy meant internal and external debates abated for a while as there was more confidence in the Coal Division's direction. The failure of regional development programs to foster alternative

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[217] LAC, Allan J. MacEachen Fonds, SSEA/MF 40-1, Companies, Associations, Cape Breton Development Corporation 1983-1985, Discussion Paper, April 12, 1984, R16050, Vol. 10, Box 954.
[218] Ibid, Lumley and MacEachen Announce DEVCO Initiatives, May 25, 1984.
[219] LAC, Allan J. MacEachen Fonds, Senate - Nova Scotia - Cape Breton Development Corporation - Coal Division - Corporate Plan, 1987-1992, Coal Division Corporate Plan 1987-1992, January 30, 1987, R16050, Box 1292, File 18.

economic growth during this period only enhanced the importance of making coal viable.[220] However the bet on coal was not proactive policy, but a choice of political convenience that mostly tailed high oil prices. Those began to soften in the mid-1980s while Coal Division production costs remained frustratingly high. Cultivating NSPC as the primary customer made a great deal of sense to secure long term sales and partially insulate the region from oil price spikes. Yet this shackled DEVCO to a strategy of chasing cost efficiencies in producing low value thermal coal, and the Cape Breton variety was high in sulfur, which was unattractive on world coal markets that were increasingly glutted by the 1980s. From 1984, DEVCO began a long retreat towards closure, and the story transitioned into a more traditional tale of deindustrialization, albeit under state ownership. With Canada's neoliberal turn, DEVCO became politically unfashionable, and the federal government sought to unload it.

[220] Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development*, 292-295.

CHAPTER TWO: FORECASTS AND PROJECTIONS (1984-2001)

In the summer of 1981 DEVCO drafted a strategic plan to guide the next twenty-five years of its mission. The plan covered the entire operations of the crown corporation, including both the Industrial Development Division and the Coal Division. The plan was primarily about coal, and most regional development goals were subordinated to it. This was exemplified by the effort to attract mining machine manufacturers to the island instead of importing equipment, which could therefore be justified as stimulating economic alternatives. "This purchasing power has proven to be a powerful tool for industrial development," although DEVCO was the only buyer, so those manufacturing jobs were bound to the fate of Cape Breton coal.[221] Fortunately, a bright future was forecasted. Production in 1980/81 was 2.6 million tons, and in five years would nearly double, and then quadruple by 2000, hitting an all time record 10 million tons. This would require $1.2 billion in capital investment for new mines over ten years, at the end of which DEVCO would be completely self-sustaining thanks to Coal Division profits, which could then fund regional development projects. A future beyond even 2006 was projected, as a "large new colliery at Donkin-Morien, with a 150 year productive life, could become the mainstay of future operations."[222] Very little of this happened and DEVCO itself closed down in 2001, somewhere between five and one hundred thirty-five years ahead of forecasted projections.

This represents a continual problem in interpreting DEVCO's primary source base, as many documents are a combination of the past and past plans for the future. It can be partially resolved by referring to later files in the chronology, but there are often inconsistent and contradictory records about what had already happened. The 'hard' numbers of the Coal Division

[221] LAC, Allan J. MacEachen Fonds, SSEA/MF 40-1, Companies, Associations, Boards, etc. 1980-1984, Cape Breton Development Corporation (pocket) 1/2, Cape Breton Development Corporation Strategic Overview 1981-2006, July 20, 1981, R16050, Box 962, File 8.
[222] Ibid.

were suspiciously round or deceptively precise, and anything for public release had some degree of spin.[223] Yet interpreting those statistics and charts was the basis of decision-making for DEVCO, and how convincing they were governed the flow of federal dollars. Planning was not only for estimation purposes, but also intended to persuade the reader, primarily federal bureaucrats and cabinet ministers. Marshalling statistics on a graph showing an upwards trajectory was a political argument about the future. Political scientists Sheila Jasanoff and Sang-Hyun Kim describe this as 'sociotechnical imaginaries' which "are associated with active exercises of state power, such as the selection of development priorities, the allocation of funds, the investment in material infrastructures, and the acceptance or suppression of political dissent." Sociotechnical imaginaries undergirded policy-making, operating in the "regions between imagination and action, between discourse and decision, and between inchoate public opinion and instrumental state policy."[224] As DEVCO ended its expansionary phase in 1984, and shifted into accelerated decline from 1992, the documents showed that the exactitude of the data forecasts mattered less than who preferred which projected future for the Coal Division.

Accurate planning was a long-standing issue for DEVCO prior to 1984, but what was significant here was what the Mulroney government's technical plans revealed about its political vision for the crown corporation. Evaluating how much plans corresponded with reality is not the point, as instead I am interested in tracing the broader shift occurring within the Canadian state's "infrastructures of imagining and planning futures."[225] The shifting perspective explained why DEVCO underwent a major policy revision from 1984 onwards. The 1981 strategic plan was abandoned not because it failed, but because it conflicted with a new political paradigm that

[223] Existing DEVCO scholarship has often relied heavily on the annual corporate public reports which by their very nature are not the most trustworthy sources. They are still useful summaries of major trends and initiatives.
[224] Sheila Jasanoff and Sang-Hyun Kim, "Containing the Atom: Sociotechnical Imaginaries and Nuclear Power in the United States and South Korea," *Minerva* 47, no. 2 (2009): 122-124.
[225] Sergio Sismondo, "Sociotechnical Imaginaries: An Accidental Themed Issue," *Social Studies of Science* 50, no. 4 (August 2020): 505-507.

opposed public ownership. This political reasoning was not openly spelled out in the documents because it could cause public upset, but it was visible in charts and estimates now much more concerned with financial sustainability. Social impacts were calculated and costed too, but were demoted to secondary importance. While these changes were presented as ending the drain on the federal treasury, they were informed by a new sociotechnical imaginary that desired DEVCO's future privatization. Making the Coal Division profitable was clearly in service of that aim. When the government, workers, and community debated the future as the realm of narrow feasibilities, what really mattered was their sociotechnical imaginaries about state intervention and who had the power to direct it. That power was primarily federal, and they imposed a commercial mandate on DEVCO not as a response to forecasted plans, but to force adaptation to a new vision.

The second half of DEVCO was when it went from primarily a coal company to solely one, and was then evaluated on the commercial viability of that commodity. Coal's prospects became increasingly negative from 1984-2001, and most of the issues that had bedeviled DOSCO's profitability twenty years earlier had not gone away. This chapter is divided into three main parts that examine how this played out. In the period 1984-1992 the Industrial Development Division was separated in 1987 as the Enterprise Cape Breton Corporation (ECBC), which in 2009 absorbed the final remnants of DEVCO. More importantly, further expansion of Coal Division operations were abandoned beyond the opening of Phalen Colliery in 1988. Coal output peaked, but employment steadily declined as the three mines Lingan, Prince, and Phalen were efficient modern designs, and DEVCO had less restrictions on lay-offs. The second period 1992-1999 opened with the closure of Lingan, a choice driven by cost-cutting. That same year Nova Scotia Power was privatized and the federal government explored privatization of DEVCO, while in the meantime slashing subsidies to force financial self-sufficiency. Production fell rapidly as did employment, and DEVCO further struggled with serious unanticipated geological problems. Communities and workers resisted, but were relatively powerless and confined to arguing that viability was possible if the Donkin mine was opened. Finally in January 1999 the federal government announced it was getting out of coal mining. Phalen was to be closed and Prince sold. It eventually became clear that Prince would close too, and the government was negotiating its exit on very unequal terms.

New Directions, 1984-1992

After winning the 1984 election, the incoming Progressive Conservative (PC) federal government of Prime Minister Brian Mulroney brought different ideas about the role of the state. "Since the advent of the Mulroney government, DEVCO had been required to become more commercially viable and to aim for self-sufficiency," recalled Gerald Wright, who was a senior policy advisor from 1989-1992 to the federal minister responsible for the crown corporation. That "new direction was shaped by the government's free enterprise orientation, combined with the need to rein in its own spending."[226] Wright recognized that DEVCO's problems were hardly unique for a state-owned coal company, pointing to the troubles at the British National Coal Board during the 1980s. Britain also had a contemporaneous free-enterprise oriented government that was hostile to public ownership, especially the money-losing NCB. British Prime Minister Margaret Thatcher pursued a strategy of open confrontation with the miners, intentionally provoking a strike in March 1984 by ignoring consultation procedures before shut downs. That angered miners, drawing 200,000 of them out on the picket lines where "over the course of a

[226] Gerald Wright, "A New Direction," *The Acadiensis Blog*, April 15, 2024, https://acadiensis.wordpress.com/2024/04/15/a-new-direction/.

year-long strike the full panoply of the resources of the state and nationalised industry was used to defeat them."[227] The Mulroney government did not copy Thatcher's confrontational approach, but they did share a similar worldview hostile to public enterprise.

That outlook was apparent in Brian Mulroney's career in the private sector. Shortly before winning the PC leadership, he was an executive at the Iron Ore Company of Canada, and played a prominent part in the November 1982 closure of the iron mine at Schefferville, Quebec. The closure created significant political controversy, and Mulroney sidestepped responsibility by blaming it on market forces that he could not control. Despite forming a public inquiry about Schefferville, the Quebec government ultimately did nothing. They were simultaneously mired in a financial crisis with Sidérurgie Québec, a provincial crown corporation formed in 1968 out of DOSCO's Quebec steel assets, which recently lost hundreds of millions of dollars opening a new iron mine. Mulroney's timing was fortunate, notes Steven High, as "politically, the idea of the activist state in Quebec, like elsewhere, was in full retreat."[228] Arriving in the prime minister's office in 1984, Mulroney had personal experience in overseeing mine closure, and a sense that the political terrain in Canada had shifted against public ownership.

Privatization was part of the broader neoliberal turn in the 1980s which reconfigured the role of the state to subordinate all aspects of society under capitalist market discipline. If social considerations were not served by the market and their public provision unnecessary to its function, then the state should not intervene. The economic shocks of the 1970s in Western Europe and North America generated a political crisis over state economic policy which neoliberals successfully claimed was the problem. Less market intervention was the proposed solution. Scottish political economist Andrew Cumbers argued that since private property and

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[227] Beynon and Hudson, *The Shadow of the Mine*, 97-99, 336.
[228] Steven High, "'With Iron We Conquer': Deindustrialization, Settler Colonialism, and the Last Train Out of Schefferville, Quebec," *Canadian Historical Review* 104, no. 1 (March 2023): 51, 59-60, 62-63, 72-74.

uninhibited markets were central to neoliberal thought, state-owned enterprises were particularly vulnerable to neoliberal governments. On a practical level state ownership was condemned as an obstacle to growth because of the political "restrictions placed on entrepreneurialism, innovation and the dynamic evolution of economies," and philosophically it was cast as a "threat to freedom and individual liberties."[229] Neoliberalism proffered a two-fold critique of nationalized industries, the functional and the moral, which explained why public enterprise was doomed to fail.

The functional critique was empirically debatable, but the moral one was much more important for DEVCO's new directions. It was nationalized because private ownership had failed at a time when Canadian governments were politically willing to intervene, because they believed profitability was not the only consideration for the Cape Breton economy. In nationalizing deindustrialization, whether to manage pit closure or save the mines, DEVCO embedded a moral economic criterion as its primary consideration. Moral economy is usually understood as emanating from worker demands, but Jim Tomlinson contends that there are instead many competing moral economies. Political elites also have a moral economy which is not strictly derived from a crude balance-sheet materialism, but has an ethical vision about the state's proper role. In Britain, the Thatcher government loathed public ownership as a morally degenerating force that smothered individuals and strangled economic freedom. Private enterprise was not only more efficient, it was more virtuous. Public enterprise's embedded moral economy was at odds with the spiritually cleansing capitalist market which separated the saintly strivers from the sponging sinners. The NCB was particularly singled out for its wicked excess of coddling workers in a failing industry, and because miners had humbled previous governments

[229] Andrew Cumbers, *Reclaiming Public Ownership: Making Space for Economic Democracy* (Zed Books, 2012), 38-41.

who tangled with them. Miners were not owed a job and the Thatcher government opted for "rolling-back the union's role in the management of coal closures."[230]

The Mulroney government never expressed its neoliberal moral economy as nakedly as Thatcher, but their DEVCO statistical forecasts were built on specific political assumptions about public ownership. It was rarely stated outright in the archival documents, but reading into the Coal Division numbers the shift was apparent, if charted out in the specialist language of more efficient coal mining. In theorizing sociotechnical imaginaries Jasanoff and Kim warn that such specialist language is often concealing, by "translating political debates into technical controversies."[231] When examining deindustrialization under state ownership, their point should be overlapped with Tomlinson's argument that political elites also have moral economies. Together, the concepts revealed many new political ideas in DEVCO's policy books after 1984, where output graphs and service contracts reflected a desire to privatize and revise Ottawa's social obligations.

Such a new direction was deeply contested, so DEVCO was not initially threatened with privatization or closure but the Mulroney government laid much of the policy groundwork for those during its nine-year term. In fall 1984, shortly after winning power, the new government sent queries to the auditor general on the status of various federal crown corporations. The briefing notes summarized DEVCO's history up to that point and the standing commitments the outgoing Liberal government had made in the spring, such as the Phalen Mine. While that was already under construction, there were many other decisions incoming Minister Sinclair Stevens could make. The Department of Regional Industrial Expansion (DRIE, formerly DREE) had significant control over DEVCO, primarily through board appointments and capital financing

[230] Jim Tomlinson, "Deindustrialisation and 'Thatcherism': Moral Economy and Unintended Consequences," *Contemporary British History* 35, no. 4 (2021): 626-631.
[231] Jasanoff and Kim, "Containing the Atom: Sociotechnical Imaginaries and Nuclear Power," 140-141.

approval. Four major decisions were identified: reopening No. 26, funding its replacement, developing Donkin beyond exploratory tunnels, and the future of the Industrial Development Division. All had big price tags which, auditors judged, likely conflicted with cutting government spending. For example, rehiring the 1,400 workers on lay-off from No. 26 was an impediment to a "more commercial orientation for the Corporation [which] can only probably be attained through increased productivity and a reduced work force."[232] However, the auditors flagged public opinion as an influence on those decisions, as the government would be "pressured to make clear" its support for DEVCO "not only financially but also in its social policy mission on Cape Breton."[233] The Mulroney government was unwilling to make politically inflammatory drastic changes, but their free enterprise orientation shaped their response to the four initial choices — they said no to all of them.

These refusals did not doom DEVCO in the medium term, but they reflected a shift away from federal interest in ambitious regional development projects. Not only were the PCs ideologically skeptical of such state intervention, on a practical level they wondered what DEVCO accomplished with all that federal money since 1967.[234] However, the Mulroney government was sensitive to political blowback if they were to immediately cut DEVCO loose. Instead, the refusals were presented as a lack of confidence in expansion forecasts, and demanded that the Coal Division should try for viability with the mines it had. DEVCO strategic plans through the late 1980s all refer to this 'commercial mandate' as the central goal of the corporation. A 1986 report no longer projected future collieries besides Phalen in their preferred scenario. The second scenario proposed that Donkin open in 1990, but Prince would close, with a

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[232] LAC, Auditor General of Canada Fonds, Cape Breton Development Corporation DEVCO/SYSCO Issues, Letter from Auditor General, October 23, 1984, R58-C-1, Vol. 387, File 1585, part 1.
[233] Ibid.
[234] Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development*, 303-308.

net loss of jobs and further cost savings. In both cases employment was intended to fall substantially over five years, by up to 1,000 workers. DEVCO was transitioned "from an employment maintenance orientation to one of financial self-sufficiency, while having to respect the government's priority of job creation in Cape Breton."[235] This was a contradictory mandate as financial self-sufficiency required job cuts, since all the plans assumed higher coal output with less workers was necessary to reach profitability.

This neoliberal approach was also seen at the nearby SYSCO steel plant during the same period. However SYSCO's 1968 nationalization was a rescue not a wind-down, as the plan was to find a private buyer after a public investment in modernizing the mill. A buyer was never found and the plant would close in 2001, but through the years SYSCO struggled to keep the mill profitable to attract private interest. While they were rarely successful in making money, SYSCO was successful in creating a neoliberal workplace by 1990, "employing only a small core of full-time maintenance workers, while a larger number of flexible employees could be hired or laid off as dictated by demand."[236] The Mulroney government also pressured the province to privatize SYSCO, by proposing to tie federal subsidies to such a requirement. With DEVCO, Wright claimed that "privatization was where our strategy was leading," although there is almost no mention of that goal in the accessible archives until 1992 when the federal government publicly announced they were exploring it.[237] It is a believable claim that fits with the commercial mandate policy, and the broader neoliberal orientation of the Mulroney government which started privatizing federal crown corporations early in their first term. The new direction

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[235] LAC, Allan J. MacEachen Fonds, Senate - Nova Scotia - CBDC - Coal Division - Strategic Studies - Marketing and Operating Alternatives, September, 1986, R16050, Box 1291, File 13.
[236] MacKinnon, *Closing Sysco*, 85-86, 106-107, 163.
[237] Privatization was likely discussed in still closed cabinet minutes. Gerald Wright, "Governments and DEVCO," *The Acadiensis Blog*, April 22, 2024, https://acadiensis.wordpress.com/2024/04/22/governments-and-devco/.

was preparing DEVCO for sale, after which the government would have no responsibility for the Cape Breton coal industry.

There were two main impediments to the commercial mandate's success. The first was the world price for coal, which was sagging in the late 1980s. A 1987 internal report noted the price "trend is continuing downward with little likelihood of recovery over the next five years."[238] There was a glut of coal on the market, and DEVCO's high-sulphur variety was less desirable. In that situation DEVCO's main customer, Nova Scotia Power Corporation "held most of the cards," and in 1989 negotiated the contract, reducing Coal Division annual revenue by $20 million.[239] NSPC bought 1.9 million tons, or 70% of production, and mercilessly used that leverage to get discounts, especially because of the sulphur content. Planners bemoaned that "environmental restrictions, particularly those with regard to 'acid rain', are real and becoming ever more stringent."[240] As world energy prices fell, suddenly DEVCO had more production available than demand thanks to Phalen entering operation.

The second major factor was opposition from various interest groups who stood to lose out with the commercial mandate. Wright strongly defended the Mulroney government's DEVCO policy, and laid most of the blame for any failures on this opposition. He accused the Nova Scotia government of routinely undermining the crown corporation for political gain and using "DEVCO as a means of systematically milking the federal government."[241] He had some sympathy for the workers, but regarded them as afflicted with a parochial solidarity, and "we

[238] LAC, Allan J. MacEachen Fonds, Senate - Nova Scotia - Cape Breton Development Corporation - Coal Division - Corporate Plan, 1987-1992, Coal Division Corporate Plan 1987-1992, January 30, 1987, R16050, Box 1292, File 18.
[239] Wright, "Governments and DEVCO."
[240] LAC, Allan J. MacEachen Fonds, Senate - Nova Scotia - Cape Breton Development Corporation - Coal Division - Corporate Plan, 1987-1992, Coal Division Corporate Plan 1987-1992, January 30, 1987, R16050, Box 1292, File 18.
[241] Wright, "Governments and DEVCO."

knew from the start that the unions were the major roadblock in our way."[242] He also extended the parochialism to Cape Bretoners broadly, claiming "any intervention from outside, no matter how high-minded its purpose, was bound to come up against these entrenched attitudes."[243] Wright's characterizations smacked of condescension, but they revealed an active contestation of the Mulroney government's DEVCO policy. These groups had to be appeased to some degree because they resisted attempts to dictate plans from the top. They put limits on what Ottawa could do with DEVCO since the federal government did not wish for a Thatcher-style showdown.

Wright correctly identified DEVCO's unions as the most important interest group that frustrated federal plans. Workers had the most to lose, yet they also had the most capacity to derail the program. Between 1976 and 1990 there were thirteen work stoppages by miners, often to protest corporate reorganization.[244] The only legal stoppage was the 1981 miners' strike which I discussed in depth earlier. It was partially successful in winning some concessions, but was followed by several years of District 26 infighting between moderates and radicals over the UMWA's handling of events. Lachlan MacKinnon argues that was influenced by the structural pressures of deindustrialization, which foreclosed on the union's ability to win demands. Had the radicals prevailed, it would not have altered that central problem.[245] Besides the UMWA, DEVCO had several smaller unions in supporting roles that were also impacted by any downsizing. For example, the United Transportation Union representing DEVCO railway workers was affected by a June 1984 cost-cutting decision to close the branch line serving Prince colliery. Instead, coal transport was contracted out to a non-union trucking firm. The union

[242] Gerald Wright, "DEVCO and Unions," *The Acadiensis Blog*, April 29, 2024, https://acadiensis.wordpress.com/2024/04/29/devco-and-unions/#_ftn1.
[243] Gerald Wright, "DEVCO and the Community," *The Acadiensis Blog*, May 6, 2024, https://acadiensis.wordpress.com/2024/05/06/devco-and-the-community/.
[244] Wright, "DEVCO and Unions."
[245] MacKinnon, "Industrial Crisis and the Cape Breton Coal Miners," 257-263.

publicly condemned the change and filed official grievances.[246] On the first day of trucking, an unknown party salted the mine access road with nails causing thirty-three tire flats. "There's enough nails to shingle the roof of a small home," a security guard remarked.[247] Industrial closure, scholars have widely recognized, was very difficult for the labour movement to resist, whether through the formal labour relations framework or using more radical, even illegal means.

The important difference here was that DEVCO was publicly owned. While management rarely reversed decisions when faced with opposition, including this one, as a crown corporation it was constrained by political pressures when implementing cost-savings plans. The railway workers affected were not laid-off but reassigned, but the trucking continued. Wright complained that employees fiercely resisted every change despite not suffering job loss.[248] The relative job security compared to private enterprise encouraged worker militancy against DEVCO's new directions. Workers understood that 'finding efficiencies' was a long-term strategy to erode existing social guarantees in favour of a commercial mandate that prioritized profitability over stable employment. The disputes often appeared to be about technical questions, they sprang out of contrasting moral economic worldviews about the role of public ownership. Worker moral economic concerns mattered only as much as they were able to make them the government's problem, and the state-owned nature of DEVCO meant some of those concerns were embedded from the start. Yet with each small victory management weakened worker power to resist further changes needed to make privatization feasible.

The commercial mandate never managed to squeeze a profit out of DEVCO, but it did bring down losses significantly by 1992, when Wright left. Coal production hit a peak of 4.2

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[246] Unknown, "Devco on Collision Course with Small Unions: MacSween," *Cape Breton Post*, October 12, 1985.
[247] Unknown, "Vandals' Nail Trail Takes Air Out of 33 Devco Tires," *Cape Breton Post*, June 22, 1984.
[248] Wright, "DEVCO and Unions."

million tons in 1991/92, while output per man shift reached nearly twelve tons, almost doubling 1984. Those cost savings and productivity gains were mostly extracted out of the workforce, which was reduced to about 2,500 in 1992, or 2,000 workers below the 1981 peak, and 1,000 below the 1973 trough.[249] For the Mulroney government these improved numbers were not really the point, but in service of a neoliberal moral economy where DEVCO would be privatized. It was a slow process that advanced through piecemeal changes to the Coal Division's plans and procedures rather than trying all at once. The attrition strategy avoided major public and worker backlash that could have frustrated eventual privatization. Both at the time and in retrospect this makes it difficult to see how significant the 'new directions' actually were. Critically reading the mass of forecasted projections makes visible that there was a new sociotechnical imaginary undergirding the Mulroney government motives and methods. The new directions went beyond simply reining in costs and shelving overly optimistic expansion plans, but decisively reduced the Canadian state's responsibility to manage Cape Breton's deindustrialization. By 1992 Ottawa felt confident enough to openly move towards privatizing DEVCO.

Survival Strategies, 1992-1999

In the February 1992 federal budget, Finance Minister Don Mazankowski announced that the government was exploring privatization for DEVCO. This was the first public mention of selling the federal stake in Cape Breton coal. It would be seven years and a change in government before privatization was officially decided, but the prospect shaped discussion about DEVCO as it went into decline from 1992. The debate hinged on whether it would save or damn the industry, but those who had the most to lose, such as miners, feared privatization was a

[249] LAC, Lowell Murray Fonds, DEVCO Special Committee Meeting 1996, Background Information on the Cape Breton Development Corporation, May 21, 1996, R14121, Box 71, File 11.

euphemism for closure. Internal government documents from the period largely agreed with that assessment, and federal planners judged it would be very difficult to find a buyer. The study Mazankowski commissioned was submitted in March 1993 and concluded that the "significant costs currently absorbed," related to "historical social policy mandates make it an unattractive privatization candidate."[250] However, the study results were of little immediate priority to the PC federal government. The unpopular Brian Mulroney had resigned a month earlier, was replaced in June by Kim Campell as Prime Minister, who then led the PCs to near total annihilation in the October 1993 federal election. The Liberals returned to power under Jean Chrétien, winning every seat in Nova Scotia, and a huge national majority. The new government was ostensibly committed to the continued viability of the Cape Breton coal industry, yet continued Mulroney's quest to privatize DEVCO. In practice this policy throughout the 1990s meant more downsizing in search of cost-savings with less concern for the negative social impacts on mining communities.

The first body blow was the closure of the Lingan mine. Thanks to its good quality coal and trouble-free working it was considered the "jewel of DEVCO operations."[251] Lingan was the first wholly DEVCO mine and was now almost twenty years old. It needed refurbishment as production was dipping and costs were climbing. But in a 1991 review, the federal government declined to offer more capital funding beyond enough to avoid immediate closure. They forecasted that Lingan was only going to be a bigger financial drain. The minister responsible for DEVCO, Tom Hockin instead accepted a joint management-union plan to delay Lingan's closure until March 1993, so the mine's 800 employees could be transitioned into retirement or other

[250] LAC, Lowell Murray Fonds, DEVCO Special Committee Meeting 1996, Privatization Feasibility Study Report to Department of Finance Privatization Branch Regarding Cape Breton Development Corporation, Burns-Fry Limited, March 31, 1993, R14121, Box 71, File 10.
[251] LAC, J. Thomas Webb Fonds, DEVCO - Programme Forecasts 1978-1982, DEVCO Five-Year Plan and Memorandum to Cabinet, February 10, 1978, MG32 G20 14, File 2.

jobs.[252] Wright felt that for the "unions to agree to shed jobs was an extraordinary development given DEVCO's history."[253] It was an important concession, but made under pressure from the commercial mandate policy, which was updated in March 1990 with a requirement the crown corporation be financially self-sufficient by 1995. DEVCO president George White said "our strategy over the next five years is one of survival."[254] On those terms workers had little choice but to sacrifice Lingan to save DEVCO. However, the mine's geology gave out near the end, when it flooded in November 1992, forcing closure five months early.

The other major threat to DEVCO's survival was the 1992 privatization of Nova Scotia Power by the provincial PC government of Donald Cameron. That was in line with the federal PC government which was rapidly selling off crown corporations, most notably Air Canada, Canadian National Railway, and Petro-Canada. The Department of Finance Privatization Branch was charged with investigating the divestment case for every federal crown corporation, although this was not easily found for DEVCO. Slightly renamed to Nova Scotia Power Incorporated (NSPI), its sale undermined the profitability potential of DEVCO. World coal prices continued to fall, and the new private shareholders of NSPI were not bound to political mandates to buy local when higher profits could be realized by importing cheaper fuel. Adrian White, who was in charge of coal marketing at DEVCO from 1984-1995, recalled that the privatization of his biggest customer was very damaging to revenue. Out of $300 million in annual sales, $170 million was sold to NSPI in the early 1990s. The next price renegotiation of the original 1977 thirty-three year contract came up in 1995. "NSPI did their homework," White said and they successfully demanded price matching to world coal markets, which was "well below DEVCO's

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[252] LAC, John Crosbie Fonds, DEVCO 1991-1993, Letters to Tom Hockin, July 2&9, 1991, MG32 B48, Vol. 822, File 3100-1

[253] Wright, "DEVCO and the Community."

[254] Cape Breton Development Corporation Fonds, *Report of the Special Committee of the Senate on the Cape Breton Development Corporation*, June 1996, MG 14.13, Beaton Institute, Cape Breton University, 6.

break even."[255] It was smart business-sense by NSPI, but its new ability to maximize profits resulted from fundamentally political choices to privatize as much public enterprise as possible.

Gauged on profitability, privatizations like NSPI were "a no-brainer" according to researchers in 2012 from the right-wing think tank at the University of Calgary's School of Public Policy. After paying homage to Margaret Thatcher's "trailblazing privatizations," they turned to the Canadian experience which they claimed had no "significant market failures," albeit they conceded the main sell-off wave in 1985-1995 was the "low-hanging fruit."[256] By this they meant crown corporations that were easily made profitable when social liabilities were discarded upon privatization, such as Canadian National Railways. DEVCO still remained under public ownership by 1995 because it lacked that quality, although this did not discourage the authors from recommending DEVCO's privatization years after it functionally and formally ceased to exist.[257] Factual errors aside, this research is important for concisely summarizing the arguments and assumptions of privatization proponents over the past forty years. The key practical claim was that privatization promised better services at lower cost because market discipline made private firms more efficient. They measured efficiency by profit margins, so that "one can reasonably use profitability," as a proxy for "the change in social welfare."[258] Most of the former crown corporations they studied did become more profitable, often substantially so, which increased corporate tax revenue and reduced government subsidies. Much of this was achieved by immense layoffs in the immediate period after privatization, and even seventeen years later, their dataset showed employment decreased on average by 12.6% from pre-sale.

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[255] Adrian White, "Who's Really to Blame for DEVCO's Closure?" *Cape Breton Post*, February 1, 2019, https://www.saltwire.com/cape-breton/adrian-white-whos-really-to-blame-for-devcos-closure-280876.
[256] Anthony E. Boardman and Aidan R. Vining, "A Review and Assessment of Privatization in Canada," *SPP Research Papers* 5, no. 4 (January 2012): 1-5, 21.
[257] DEVCO ended mining operations in November 2001, and was legally defunct 31 December 2009.
[258] Boardman and Vining, "A Review and Assessment of Privatization in Canada," 10.

They acknowledged that employment "in crown corporations might have been higher than the profit-maximizing levels for social or political reasons."[259]

Using profit as the key benchmark concealed big assumptions about what public ownership was supposed to do, and if that was to make money, then privatization did seem the optimal choice. However, equating profit with social welfare is a very contentious assumption, especially in cases like DEVCO where social and political reasons for maintaining employment were embedded from the start. Public ownership always had other considerations than profitability, that were often jettisoned on sale. The left-leaning think tank Canadian Centre for Policy argues that privatization's "permanent effects appear destructive of the public interest and a serious obstacle to democratic accountability." They reviewed thirty years of Canadian examples which showed that even on its own merits "the promised cost-savings of contracting out failed to materialize."[260] These outcomes make more sense when privatization is primarily understood as a political project to transfer public services into private hands. The narrow focus on the bottom-line obscured how prioritizing private profit was an assertion about what should be the state's true role. Critics of public enterprise made much hay out of the fact it was often money-losing precisely because it faced political pressures to subordinate profit to other concerns, often those of workers.[261] Like the previous commercial mandate new directions introduced in 1984, the DEVCO privatization debates in the 1990s need to be read beyond the account books to see the sociotechnical imaginary in the numbers, and the broader neoliberal moral economy opposed to public ownership.

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[259] Ibid, 14, 16-17.
[260] "Privatization Nation: The Canada-wide Failure of Privatization, Outsourcing and Public-Private Partnerships," Saskatchewan Office, Canadian Centre for Policy Alternatives, November 2015, https://policyalternatives.ca/sites/default/files/uploads/publications/Saskatchewan%20Office/2015/11/Privatization%20Nation%20%2811-05-15%29.pdf, 4-6.
[261] C.D. Foster, *Privatization, Public Ownership and the Regulation of Natural Monopoly* (Blackwell, 1992), 84-85, 94.

While privatization plans for DEVCO were informed by neoliberal ideology generally, that had to be adapted to specific local historical conditions to make such a course more appetizing. Significantly, the long history of state intervention in Cape Breton coal produced a political inertia that was difficult for Ottawa to overcome. While privatizing NSPC hurt DEVCO's financial viability, it substantially reduced a major factor that entangled the federal government in the region. Twenty years earlier federal and provincial energy security policy bound together the two crown corporations and incorporated social considerations such as employment maintenance. These political priorities were largely justified on cost grounds because of high oil prices, but now it was again balance-sheet concerns deployed against this continued state intervention. Cleaner foreign coal was cheaper to burn and constructing those new generating stations and converting a third to buy Cape Breton coal was a costly investment. That was ultimately financed by high consumer power rates which by the late-1980s became a political issue bedevilling the provincial government. The Point Aconi Generating Station combined all those problems. Located next to the Prince mine, construction began in January 1990. Prince coal was high in sulfur, and to meet recent pollution rules Point Aconi was designed with an expensive emissions-scrubber system. Compared to the Lingan station built on the same pithead model a decade before, Point Aconi's circulating fluidized bed combustion generated power at three-times the cost per kilowatt-hour.[262] Nova Scotia rate-payers were functionally subsidizing Cape Breton coal mining when global energy prices were low, which prompted questions if it was worth it.

However, there were political costs if the provincial government mandated NSPC to buy the cheapest coal, since they would be punished by voters in Cape Breton mining areas for attacking the established social compact. Privatization offered a way out of the bind. A private,

[262] Richard Starr, *Power Failure?* (Formac Publishing Company, 2011), 158-160.

profit-seeking NSPI laser-focused on margins was technically outside direct government interference which effectively ‘depoliticized’ fuel contracting decisions. In the 1993 Nova Scotia provincial election no party committed to reverse the privatization, including the social democratic NDP, instead treating the outgoing PC government’s decision as *fait accompli*, where the only possible alternative promise was higher power rates. Point Aconi opened in 1994 under private ownership. It was the last instance of the federal-provincial government initiated off-oil program, but completed at a time when it was a poor financial case. Past state intervention ensured that NSPI had a greater coal demand than ever before, but privatization made certain that DEVCO no longer got preference to supply it.[263] Privatizing Nova Scotia Power made privatizing DEVCO more politically feasible, but the former fatally undermined the economic feasibility of the latter.

Despite that, after signing the 1995 coal contract with NSPI Ottawa more firmly believed that the “time is right for the Government to consider privatization.”[264] In a February 1996 secret internal memorandum, the Chrétien government outlined its plans to sell-off DEVCO within the next five years. Unending financial losses were the major rationale behind the move, and privatization seemingly offered the way to save further public expenditure while ensuring mining operations continued. Public ownership was incapable of turning things around, but “transfer to the private sector would remove political and social pressure on the Corporation, contributing to better economic performance through increased efficiency.”[265] That reasoning closely mirrored general neoliberal arguments for privatization as well as the specific motives for the NSPI privatization three years earlier. Decisions in public enterprise were too politicized, so other

[263] Ibid, 164-170.
[264] Cape Breton Development Corporation Fonds, Internal Federal Government Memorandum for DEVCO Privatization, February 1996, MG 14.13, Beaton Institute, Cape Breton University, 2-3.
[265] Ibid.

pressures competed with profitability goals. "If history is followed, some degree of social policy influence aimed at maintaining employment will continue to direct decisions," and consequently, "management and workers will continue to assume that the federal government will continue to cover losses." Instead, "privatization will force a change in this culture."[266] Under private ownership, DEVCO's profitability would be the only consideration, so mining operations would become efficient enough to be commercially viable.

That was the theory at least, but that same memorandum admitted chances for successful privatization were low, and making DEVCO attractive to buy meant some significant changes. Given its history, the crown corporation had numerous costly social liabilities, most notably pensions, that the federal government would need to absorb before any sale. In the meantime, productivity had to be improved at the remaining two mines, Phalen and Prince, by reducing the workforce by 800, down to 1,300 by the year 2000. Severance and retraining allowances would be covered by Ottawa. At this point, DEVCO would be profitable and ready to be privatized. However, "in the event a buyer could not be found, [they] recommended an orderly shutdown."[267] One way or another, the federal government would be separated from further financial obligations to prop-up Cape Breton coal.

However, the overwhelming primacy placed on financial self-sufficiency was not about depoliticizing DEVCO's operations to achieve efficiencies. Budgets are not neutral "technocratic documents," as the "(re)allocation of public money by the state reflects the political priorities and choices of government."[268] This DEVCO memorandum fit into a broader historical context, as federal and provincial governments of all partisan affiliations were implementing fiscal

[266] Ibid, 6.
[267] Ibid, 9-14.
[268] Bryan M. Evans, Stephen McBride, and Heather Whiteside, *Varieties of Austerity* (Bristol University Press, 2021), 55-56.

austerity on the Canadian public sector during the 1990s. On the surface it was a response to high government deficits and mounting debt, but on a deeper level those spending cuts reflected the greater embeddedness of neoliberal politics. The Chrétien government not only continued the Mulroney government's austerity measures, but expanded them, and "crystallized in the 1995 federal Liberal budget that marked a fundamental shift in the role of the federal state in Canada."[269] In DEVCO's case, its potential survival strategies were dictated by altered government political priorities on how state power was to be applied. Privatization was not a survival strategy, but derived from a neoliberal political vision that opposed public ownership on principle. When profitability was mandated as the ultimate criterion, that was intended to limit the choices for DEVCO to privatization or closure.

The spectre of further cuts and closure animated worker and community resistance to unannounced federal privatization plans. That the Chrétien government intended to privatize DEVCO was not much of a secret by 1996, although the specifics or Ottawa's willingness to entirely pull the plug, were less publicly known. Much of this public opposition was captured in May-June 1996 Senate committee hearings about DEVCO's future. The hearings focused on the recent adoption of a new five-year (1996-2001) corporate plan that reinforced the self-sufficiency policy, but they were not "constrained or limited to only the courses of action and issues outlined in it."[270] This was because people were angry, as self-sufficiency still remained a speculative possibility, but the attempts to achieve it already had serious consequences. When it started in 1990, employment was 3,600 but by April 1995 it was 2,200 workers. The new corporate plan promised 800 more lay-offs by 1998. Current employment was not exactly stable either. A November 1995 roof-fall in Phalen forced 1,200 temporary lay-offs

[269] Ibid, 30-31.
[270] Cape Breton Development Corporation Fonds, *Report of the Special Committee of the Senate on the Cape Breton Development Corporation*, June 1996, MG 14.13, Beaton Institute, Cape Breton University, 1-2.

in January, and by April, 400 were converted to permanent.[271] This also impacted the NSPI contract fulfilment, reducing coal revenue right when it was most required.[272] DEVCO gave the appearance it was moving towards closure, despite government protestations to the contrary.

While the Senate committee was willing to broaden the scope of their investigation and recommendations beyond the corporate plan, it was still a process that narrowed the terms of debate to whether DEVCO could be financially self-sufficient. United Mine Workers of America District 26 president Steven Drake told senators that "employees believe this is a viable industry. We feel it can be a competitive industry."[273] The union was stuck in a position arguing that they, rather than management, had the best plan to get DEVCO in the black. Drake acknowledged there were major obstacles to that, which were compounded by poor labour relations, but workers had the most commitment to success. In Senate testimony, he wished to "make it perfectly clear that none of the people I represent, and I am certain none of the people at this table, have anything but the best interests of this corporation at heart."[274] Drake conceded that best interests meant financial ones, but that these were shared between workers and management. The UMWA advanced a more maximalist proposal for job preservation compared to the corporate plan, which included finally opening the Donkin mine, long stuck in development hell. With modernization and a greater role for union input in corporate decisions, profitability would be assured. Historic social considerations were more subordinate, and best handled by the federal government moving their costs off DEVCO's books. The UMWA did not explicitly endorse privatization, but they accepted many of its premises. This was encapsulated in a request that

[271] Ibid, 9, 57.
[272] Starr, *Power Failure?* 191.
[273] Cape Breton Development Corporation Fonds, Report of the Special Committee of the Senate on the Cape Breton Development Corporation, June 1996, MG 14.13, Beaton Institute, Cape Breton University, 7.
[274] "Issue 2 - Evidence - Afternoon Session," Proceedings of the Special Senate Committee on the Cape Breton Development Corporation, Senate of Canada, May 28, 1996, https://sencanada.ca/en/Content/Sen/committee/352/devc/02evb-e.

“Ottawa should listen carefully to commonsense cost-cutting and market development ideas from the people who work in the coal mines every day.”[275] It was hard to demand otherwise when Ottawa definitely wanted out, because worker ability to disrupt production now would only accelerate federal plans rather than frustrate them.

This lack of worker leverage was reflected in the final Senate report. The committee largely recommended that DEVCO do better accomplishing its self-sufficiency plans. Other than that, they recommended that the federal government should write off some social liabilities and opening Donkin should be investigated more. The committee would reconvene in fall 1996 to review the situation.[276] The recommendations were non-binding. The follow-up Senate report from April 1997 was positive about DEVCO’s progress despite it missing nearly every target set out in the corporate plan. It required another federal subsidy to cover losses, this time extended as a repayable loan. Again Phalen’s geological problems contributed to poor performance.[277] There was more to it than that, as aiming for rapid profitability encouraged overly optimistic projections, already a chronic problem for DEVCO. Also since the Chrétien government’s plan-B was closure, they were not willing to invest further resources if success did not appear obviously imminent. A 1998 proposal to open the Donkin mine as a partnership between an unemployed miner’s co-operative and a private company was rebuffed, because Ottawa feared pressure to financially backstop the project.[278] Such hesitancy incurred a political price, and in the 1997 federal election the miners’ union-aligned NDP captured both Cape Breton constituencies, although the Liberals comfortably retained their national majority.

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[275] LAC, Lowell Murray Fonds, DEVCO Special Committee Meeting 1996, Creating Opportunity: A Plan for Cape Breton, United Mine Workers of America, 1996, R14121, Box 71, File 11.
[276] Cape Breton Development Corporation Fonds, *Report of the Special Committee of the Senate on the Cape Breton Development Corporation*, June 1996, MG 14.13, Beaton Institute, Cape Breton University, 23-24.
[277] Ibid, *Report of the Special Committee of the Senate on the Cape Breton Development Corporation*, April 1997, 2-6.
[278] LAC, Lowell Murray Fonds, Bill C-11 An Act to Authorize DEVCO Closure, 1998-2000, Letter from Cape Breton Miners Development Co-operative Limited, March 23, 2000, R14121, Box 68, File 3.

However, the political tide on public ownership was finally turning. In October 1998, the Natural Resources Canada ministry polled Nova Scotians on their perceptions of DEVCO. A slim majority of respondents admitted they had little familiarity with the crown corporation, but regional breakdowns showed some important differences, as 71% of Cape Bretoners reported at least general familiarity. These regional differences appeared in the answers to all the questions. While 49% of mainland Nova Scotians at least generally supported continued federal assistance to DEVCO, it was 73% on Cape Breton, including 44% who strongly supported it. Privatization was overwhelmingly popular on the mainland, but only mustered 48% support in Cape Breton, and 27% were strongly opposed. Overall, and consistent across the province, most Nova Scotians expressed confidence in DEVCO's future despite its ongoing unprofitability.[279] The federal government was feeling out potential public reactions to privatization, and was now judged to be supportive enough to move ahead, as even most opposition to it was on practical grounds, rather than on principle.[280] By early December, Ottawa had clearly decided on privatization, providing a final $41 million subsidy to bridge DEVCO into sale. This was reported in the media but the Chrétien government did not officially acknowledge it, stating it would "thoroughly assess its options," and "will announce its decision on the future of DEVCO very shortly."[281] It took years to garner public support for DEVCO's privatization, which finally allowed Ottawa to go ahead without a big political fight.

The survival strategies floated during the 1992-1999 period revolved around making DEVCO profitable. Given that DEVCO was created because the Cape Breton coal industry was not commercially viable thirty years earlier, people were understandably suspicious of federal

[279] LAC, Lowell Murray Fonds, Poll - Natural Resources - DEVCO - Access to Information - 1998, Nova Scotia Survey on Energy Issues, October 1998, R14121, Box 66, File 5, 11-23.
[280] LAC, Lowell Murray Fonds, Privatization - Natural Resources - DEVCO - Access to Information - 1998, Cape Breton Development Corporation (DEVCO) Privatization, November 26, 1998, R14121, Box 66, File 4.
[281] Ibid, Cape Breton Development Corporation (DEVCO) Privatization, December 7, 1998.

claims that privatization would work now. Nor were internal federal documents confident about success either. However, privatization was primarily a neoliberal political goal, where the government was "getting out of the business of business."[282] With that ultimate objective, achieving financial self-sufficiency was the only option that could ensure DEVCO's survival. This meant social considerations like maintaining employment or energy security were demoted below fiscal concerns. It opened the floodgates for lay-offs and pit closure, leaving workers contesting state policy within the narrow terms of market viability, when before they demanded the government responsibly manage deindustrialization. By early 1999 the self-sufficiency mandate had clearly failed. Ironically, the privatization of Nova Scotia Power was a major culprit, but inefficient mines, poor geology, rancorous labour relations, and government disinvestment all contributed. Yet Ottawa determined now was the best time to privatize, not necessarily because it would succeed, but because they successfully convinced the public it was necessary.

Privatizing Closure, 1999-2001

On 28 January 1999, the federal government announced it was getting out of the coal business. DEVCO still had two collieries and about 1,500 employees. Natural Resources Minister Ralph Goodale told reporters that the geologically troubled Phalen mine would be shut down by the end of next year, and Prince would be privatized. About 1,000 jobs would be lost in the process, with only one-third qualifying for early retirement. The government "recognizes that coal mining in Cape Breton is a turning point," said Goodale, offering $179 million in funding to "support affected workers and help build a more diversified and future-oriented economy in

[282] From July 1, 1996 federal memorandum about DEVCO corporate plan, quoted in: Starr, *Power Failure?* 192-193.

Cape Breton."[283] Left unstated was the possibility privatization could fail and Prince would also close, throwing the last 500 miners out of work. The Chrétien government decided to privatize when they were willing to accept that potential outcome. DEVCO workers and their communities reacted with great alarm to federal plans. United Mine Workers of America District 26 president Steve Drake said the January 1999 announcement was "like a drive-by shooting."[284] They were upset at the announced job losses, unhappy with proposed compensation, and sensing it was the endgame for Cape Breton coal mining. The overall situation was a strong callback to the reason DEVCO was created in 1967, with workers and their communities again pleading with the government for a soft landing.

It did not work this time, as the political context was very different thirty years later. The neoliberal project was well advanced in reshaping the Canadian state by the late 1990s. For public enterprise, neoliberalism usually meant privatization if it was commercially viable, or closure if it was not. However, governments could not simply impose this policy on DEVCO without pushback. Writing about the simultaneous end of the nearby provincially-owned Sydney Steel Corporation, MacKinnon shows that neoliberalism was a process where the Nova Scotia provincial government had to slowly overcome worker and community resistance to make privatization, and ultimately closure, politically palatable. It took over a decade of slimming down the mill's operations and workforce before the Nova Scotia government was willing to move on the issue. After giving the boot to the Liberals in the July 1999 provincial election, the John Hamm-led Progressive Conservatives announced they were selling SYSCO as part of a broader program of public austerity. A buyer was never found, and the steel mill closed in June

[283] LAC, Lowell Murray Fonds, Bill C-11 An Act to Authorize DEVCO Closure 1998-2000, News Release - Future Direction Set for the Cape Breton Development Corporation, January 28, 1999, R14121, Box 68, File 3.
[284] Sharon Montgomery-Dupe, "Former Coal Miner Says Jan. 28 is Anniversary of an Economic Homicide for Cape Breton," *Cape Breton Post*, January 28, 2019, https://www.saltwire.com/cape-breton/former-coal-miner-says-jan-28-is-anniversary-of-an-economic-homicide-for-cape-breton-279316.

2001.[285] The SYSCO announcement following the DEVCO one not only compounded Industrial Cape Breton's woes, but sprang from the same neoliberal political process, where the Canadian state retreated from public ownership as a policy tool.

This was obvious in the federal exit strategy, outlined in the legislation they tabled in October 1999 to wind-up the crown corporation. DEVCO was given new legal authority to dispose of its assets and liabilities for the purposes of dissolving itself. The act eliminated a substantial part of the social responsibilities assigned in 1967, removed the need for a coal phase-out plan, and allowed the federal cabinet to unilaterally choose the closure date. The money promised by Goodale was a one-time payout and absolved Ottawa of any further obligations.[286] Notably there was no requirement that the government ensure a privatized Prince mine continue operation for any length of time after handover. The government knew Prince was probably not commercially viable, but promising that some part of DEVCO would continue under new ownership helped blunt local opposition to federal plans. That channelled most potential resistance into formal bureaucratic negotiations, and onto the state's political terrain.

In response local opposition tried to parley terms. The primary strategy of the UMWA through the summer, autumn, and following spring was negotiating for better a settlement and lobbying the federal government to include robust social guarantees for all 1,500 workers in the DEVCO closure legislation. The union opposed the removal of the 1967 legal requirement that miners be protected from unemployment and economic hardship until alternative local employment was available. If privatization was unsuccessful, the remaining workers would get little compensation, which was "a measure by the Government to eliminate its liability to

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[285] Despite the temporal & political parallels of the 1999 announcements and 2001 closures, SYSCO & DEVCO were no longer directly industrially linked, as the steel plant converted to coal-free electric arc furnaces by 1989. MacKinnon, *Closing Sysco*, 105-106, 156-160.

[286] LAC, Lowell Murray Fonds, DEVCO Timeline 2000-2004, Bill C-11 An Act to Authorize DEVCO Closure, November 19, 1999, R14121, Box 208, File 8.

employees and the community."[287] This concern was echoed by two community groups, United Families and Northside Futures that formed to secure better compensation packages for affected DEVCO workers. In particular, they wanted more inclusive retirement packages, as most miners who had been hired in the late 1970s expansion were just short of qualifying. Many were now in their late forties and faced bleak reemployment prospects. Again, this activism primarily involved lobbying Ottawa.[288] It was not a foolish strategy overall, but reflected a lack of options where the federal government had the most leverage over DEVCO's fate. Instead, it was the final stage of a process where workers and communities had been bargaining concessions for more than a decade already. Much of the lobbying made moral claims on the state's responsibility, but unlike the 1960s the federal government was little moved.

However, the lack of progress on getting demands negotiated and unanticipated sudden closure exposed divisions between the local opposition groups. A September 1999 rockfall in Phalen forced its immediate shutdown, laying off hundreds a year earlier than expected. MacKinnon argues that there were important differences between the UMWA, United Families, and Northside Futures in their goals and tactics which hampered their willingness to work together. District 26 president Steve Drake disliked United Families operating independently of union negotiating efforts. Northside Futures split from United Families because the latter implicitly accepted closure and was unwilling to endorse radical actions beyond lobbying politicians.[289] The situation boiled over on 2 January 2000 when miners launched a wildcat strike at Prince mine to demand better severance and job security. On 9 January about ten men descended into the pit itself and threatened a hunger strike unless Prime Minister Chrétien and

[287] LAC, Lowell Murray Fonds, Bill C-11 An Act to Authorize DEVCO Closure 1998-2000, Letter to Lowell Murray, November 2, 1999, R14121, Box 68, File 3.
[288] LAC, Lowell Murray Fonds, DEVCO Meeting with United Families and Northside Futures Bill C-11 2000, Info Package from United Families, June 6, 2000, R14121, Box 67, File 1.
[289] Lachlan MacKinnon, "United Families and the DEVCO Coal Closures: Women Respond to Deindustrialization in Cape Breton, Nova Scotia" (Gender, Family, and Deindustrialization, Glasgow, United Kingdom, June 25, 2025).

Natural Resources Minister Goodale met with their representatives. Goodale agreed to the meeting.[290] Miners also blockaded coal shipments to Lingan and Point Aconi power stations, which generated half the province's electricity. On 14 January the strikers accepted the federal government's offer to renegotiate the severance package. "We got what we wanted," said one miner, although what they got was only that the government would bargain instead of imposing terms.[291]

Disruption was effective in extracting some concessions out of Ottawa, but the exact details still had to be hashed out. Negotiations soon broke down, and was referred to binding arbitration in March. The arbitrator's final decision was rendered in June, and was more generous than the previous offer. Allowances for severance, relocation, reeducation, and other benefits were improved. The major sticking point around early retirement was expanded. Employees no longer needed to be age fifty to qualify, now twenty-five years service was enough, which pensioned out another 246 workers on top of the existing 340.[292] It fell short of union hopes that the large group of workers with twenty to twenty-five years would also be bridged into retirement. Besides rejecting it on cost grounds, the arbitrator justified the decision on those employees having a seniority claim to continue work at the Prince mine.[293] However, that required finding a buyer, as the government remained firm that it was exiting the coal business in the very near future.

While the Chrétien government was aware that Prince was a tough sell, they did seem serious enough about privatization. Yet, determining what exactly happened behind closed doors

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290 "Devco Miners Occupy Prince Mine and Threaten Hunger Strike," *Canadian Broadcasting Corporation*, January 10, 2000, https://www.cbc.ca/news/canada/devco-miners-occupy-prince-mine-and-threaten-hunger-strike-1.202521.

291 "Devco Miners End Illegal Strike," *Canadian Broadcasting Corporation*, January 15, 2000, https://www.cbc.ca/news/canada/devco-miners-end-illegal-strike-1.247784.

292 LAC, Lowell Murray Fonds, DEVCO Meeting with United Families and Northside Futures Bill C-11 2000, Decision of Arbitrator Bruce Outhouse, June 2, 2000, R14121, Box 67, File 1.

293 "Miners Unhappy with Devco Package," *Canadian Broadcasting Corporation*, June 2, 2000, https://www.cbc.ca/news/business/miners-unhappy-with-devco-package-1.237829.

between the January 1999 privatization announcement and the May 2001 final closure announcement is frustrated by archival inaccessibility. The recent vintage of the documents mean most are not open to the public, which is further exacerbated by the unprocessed state of the DEVCO fonds. Instead I have to rely here on public sources, mostly media reports, to construct a narrative of failed privatization. The 16 May 2001 press release stated that sixty potential buyers were assessed but none met the criteria of offering fair value for DEVCO assets, reasonable employment arrangements, and a timely sale.[294] The announcement followed the collapse of a possible deal with an American firm, rumoured to be AMCI of Connecticut, which would only employ 200 people chosen at the company's discretion. DEVCO president Joe Shannon stated that "we couldn't agree with that." Another American mining firm, Oxbow Carbon and Metals lost interest in March.[295] Even without access to detailed internal documents from the period, I feel confident enough to speculate that there were no serious bids. Workers, communities, and the government might have hoped for a sale, but it was a vain hope, and in Ottawa's case, raising that hope was possibly a cynical ploy to disguise the inevitable.

By May 2001, DEVCO had retired or laid-off 1,100 people since January 1999. About 440 employees remained, of which 120 were laid-off within a week of the announcement. The rest remained for the next six months to wind-down production and extract equipment from the mine to permanently shut it in.[296] Since 1967 the federal government spent $1.8 billion on DEVCO, and was left with $550 million in liabilities to clean up and write-off. An extra $28 million was added to "build a more diversified and future-oriented economy in the area."[297] After

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[294] LAC, Prime Minister of Canada Website, Jean Chrétien, Closure of the Prince Mine, May 16, 2001, https://epe.lac-bac.gc.ca/100/205/301/prime_minister-ef/jean_chretien/2003-12-08/stagingpm_3a8080/default.asp@language=e&page=newsroom&sub=factsheets&doc=princemine_20010516_e.htm.
[295] Canadian Press, "Cape Breton Mine to Close," *The Globe and Mail*, May 17, 2001, https://www.theglobeandmail.com/news/national/cape-breton-mine-to-close/article4148039/.
[296] Ibid.
[297] LAC, Prime Minister of Canada Website, Jean Chrétien, Closure of the Prince Mine, May 16, 2001.

almost thirty-five years the promised economic transition was incomplete, but DEVCO was done.

Turning Off the Lights

The 23 November 2001 closure of Prince Colliery invited a wave of media retrospectives on the end of a historical epoch. Typically these highlighted the industry's 1720 start, and that for the first time in 280 years no coal was being mined on Cape Breton Island.[298] DEVCO began as an attempt to clean-up after an industrial crisis and ended with cleaning up its own legacy. When DEVCO's mining ceased, the crown corporation still had major liabilities it had inherited from that history, and was responsible for remediating. Post-2001 the majority of DEVCO's $70 million annual budget was spent on its remaining social obligations. In 2009 about $50 million was paid to former employees, primarily as pensions, while $17 million was devoted to environmental cleanup. DEVCO formally dissolved at the end of that year, and these liabilities were transferred to the federal Enterprise Cape Breton Corporation.[299] Since 1987, ECBC handled the island's economic development and amelioration of long term deindustrialization, which became more acute with the 2001 closure of coal and steel. That year Cape Breton's unemployment rate was 17.2%, slightly above average. It has improved since, mainly because of outmigration, but has never dipped below the double digits.[300] The former coal towns were hit hardest by joblessness and poverty. The 2006 film *Cottonland* documented one aspect of the fallout, when Glace Bay was ravaged by an opioid addiction crisis driven by the prescription

[298] "Cape Breton's Last Underground Coal Mining Closing," *Canadian Broadcasting Corporation*, November 22, 2001.
[299] Note that this news story was actually published October 19, 2009, https://web.archive.org/web/20111127124639/http://www.capebretonpost.com/Living/Environment/2009-10-19/article-766526/Devco-ready-to-dissolve/1. Tom Ayers, "Devco Ready to Dissolve," *Cape Breton Post*, February 16, 2010, https://www.saltwire.com/cape-breton/devco-ready-to-dissolve-18897.
[300] Statistics Canada, Table 14-10-0090-01, Labour Force Characteristics By Province, Territory and Economic Region, Annual, inactive, https://doi.org/10.25318/1410009001-eng.

painkiller OxyContin.[301] The social impacts, far from being human intangibles, were well forecasted.

Centuries of coal extraction left significant environmental disturbances. When DEVCO ended in 2009, its last president Ross McCurdy estimated there remained another forty years of mine wastewater treatment.[302] Partly funding the reclamation ironically involved mining more coal. The surface works of Prince colliery were torn down and the land turned over to the private firm Pioneer Coal which strip-mined the area from 2006-2013, selling the fuel to Nova Scotia Power, before landscaping the site.[303] The three generating stations on the island, built to consume Cape Breton coal, are still operating, although now supplied by imports. The mining jobs are gone, but the emissions continue. The anthropologist Alice Mah calls this situation 'noxious deindustrialization' where industrial employment falls but the polluting industry remains.[304] By 2030, Nova Scotia will be entirely off coal power, mostly by returning to oil. Much like the 1960s, burning oil is the cheaper alternative to coal, albeit that is now shaped by legislated emissions targets.[305] Oil is cheaper because it is marginally less polluting, and for private owners of Nova Scotia Power, it is cheaper to convert Lingan generating station than entirely replace it with renewables, like the wind turbines that dot the former Lingan mine site.

The social and environmental liabilities derived from the core missions of regional development and energy security DEVCO pursued as a response to Cape Breton's deindustrialization. At the beginning these problems invited ambitious state intervention, yet

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[301] Nance Ackerman, "Cottonland," National Film Board, 2006, 53 min, https://www.nfb.ca/film/cottonland/.
[302] Ayers, "Devco Ready to Dissolve," *Cape Breton Post*.
[303] "Point Aconi," Not Your Grandfather's Mining Industry, Mining Association of Nova Scotia, Accessed January 10, 2025, https://notyourgrandfathersmining.ca/point-aconi.
[304] Alice Mah, *Petrochemical Planet: Multiscalar Battles of Industrial Transformation* (Duke University Press, 2023), 67-68.
[305] Paul Withers, "Nova Scotia Power Plans to Burn Heavy Fuel Oil at Phased-out Coal Plants," *Canadian Broadcasting Corporation*, July 4, 2023, https://www.cbc.ca/news/canada/nova-scotia/nova-scotia-power-plans-to-burn-heavy-fuel-oil-1.6895930.

proved intractable given the level of resources Ottawa was willing to devote. However, the decisive factor at the end was not DEVCO's failures, but political changes towards neoliberal privatization. This can be seen in how the federal government has managed the aftermath, in both cases by nudging the market rather than further direct intervention. Sponsored entrepreneurialism and carbon pricing are the unambitious replacements compared to the 1970s when robust economic and energy transitions were on the table.

CONCLUSION: DEVCO'S DUAL POWER

The genesis of this thesis goes back to 2018 when the federal government nationalized the Trans Mountain Expansion (TMX) Pipeline to prevent its cancellation. Designed to carry Alberta bitumen to the port at Burnaby, British Columbia, the project faced significant hurdles ranging from financing to public opposition. Determining that its completion was in the national interest, the Liberal government of Justin Trudeau bought TMX from Kinder-Morgan and created a crown corporation to build it. After some delays, the pipeline entered service in May 2024, tripling crude export capacity to the Pacific Ocean. The cost ballooned from the initial $7.5 billion estimate to $34 billion, and with Ottawa's intention to privatize TMX, the public will take a big haircut on the sale price.[306] At the time, I recognized that another federal Liberal government did something similar fifty years earlier with another regional fossil fuel industry crisis, back where I grew up in Cape Breton. No one seemed aware of the historical parallels, so I wrote a podcast episode in 2020 to explore the issue, and parse through some of my own understandings of what happened.[307] The episode largely focused on the labour struggles of the early twentieth century, but in researching it I realized there was very little scholarship about the end of Cape Breton coal, and particularly the Canadian state's management of the closure with DEVCO.

While researching that episode I found Lachlan MacKinnon's then just published history of the Nova Scotia government owned SYSCO, which clarified a lot of things for me about the island's deindustrialization. "Coming of age among the ephemera of steelmaking and coal mining, my generation was faced with the unspooling of some great fabric that, we were told,

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[306] Nia Williams, "Canada's Long-Delayed Trans Mountain Oil Pipeline Starts Operations," *Reuters*, May 1, 2024, https://www.reuters.com/business/energy/canadas-long-delayed-trans-mountain-oil-pipeline-set-start-operations-2024-05-01/.

[307] Alberta Advantage, "Fossil Capital: Nova Scotia Coal Edition," Alberta Advantage Podcast, July 6, 2020, 1:13:07, https://albertaadvantagepod.com/2020/07/06/fossil-capital-nova-scotia-coal-edition/.

had stitched our communities together," was something I felt too, and recalled memories of watching television news segments on the last shift exiting the Prince mine.[308] MacKinnon explored one aspect of the extensive history of deindustrialization and state intervention in Cape Breton, but this only increased my curiosity about the rest of it, and especially DEVCO. It had an arguably stranger history with its eclectic policy blend of regional development, energy security, social welfare, and old-fashioned political patronage. Unlike SYSCO, where the provincial take-over aimed to save the steel plant and bridge it back into profitable private ownership, DEVCO's nationalization had the unusual goal of incrementally closing the industry, and transitioning the local economy away from coal. With the expansive federal fiscal capacity underwriting DEVCO, it had the resources to experiment, so a state-owned coal company diversified into many things such as sheep ranching, oyster farming, bed & breakfasts, small boat building, and opening a college that eventually became Cape Breton University. However coal mining remained DEVCO's central concern from start to finish, even abandoning the planned transition early on, but existing academic research did not satisfactorily explain why.

The common scholarly explanation for DEVCO has been that it was a regional development project. Will Langford, whose historical research I have cited throughout my thesis, is the most recent academic to focus on this aspect of DEVCO. He synthesizes and updates the rather old previous scholarship that examined Cape Breton as economically underdeveloped and overly dependent on a collapsing resource extraction industry. In response to an economic crisis in a peripheral region, the federal government nationalized the island's collieries in 1967, and through the "welfare state sought to directly alter the processes of capital accumulation and more evenly distribute them."[309] Coal mining was to be phased-out while DEVCO sponsored

[308] MacKinnon, *Closing Sysco*, 3-5.
[309] Langford, *The Global Politics of Poverty in Canada*, 153-155.

alternative regional development programs as economic replacements, so Cape Breton could eventually reach national average prosperity. This explanation I have argued, while important, is insufficient for understanding the crown corporation's full history. The transition goals of the Industrial Development Division were certainly DEVCO's stated original mission, but the Coal Division not only spent the vast majority of the budget from the beginning, it underwent massive expansion from 1973 that continued even after regional development was removed from the mandate. Regional development approaches are helpful in highlighting Canada's political geography, both literally and figuratively, as well as the central role of the Canadian state throughout the process. However, for the Coal Division, approaching it from regional development alone produces puzzling questions about why Ottawa so quickly abandoned the main pit closure policy.

Incorporating deindustrialization scholarship modifies our understanding of DEVCO. Cape Breton I contend, was not exactly underdeveloped, as it had long-existing coal and steel sectors, but these were deindustrializing. Workers, communities, and governments usually saw closure as undesirable rather than inevitable. There was considerable pressure on the federal government to keep the mines open, and drawing comparative insights from deindustrialization literature, such expectations for rescue nationalizations were found elsewhere. State intervention was a more common response in Europe, but less so in North America. In the latter context, Steven High establishes that Canada differed from the United States, as Canadian workers were more successful in appealing to the government to mitigate industrial closure, albeit in still limited ways and usually on a provincial level. He attributes this to the strength of Canadian nationalist arguments that tied plant shutdown to economic dependence on the Americans, which pressured governments to act. However, this action was mostly restricted to special committee investigations thanks to an unwillingness to override the prerogatives of private ownership.[310] Nevertheless, this literature shows that workers resisted closure through the state using whatever means available to press their case, although it was not always successful. Few regions got such thoroughgoing state intervention like DEVCO, and the Coal Division operated for almost thirty-five years at considerable public expense.

Combining regional development and deindustrialization scholarship, which I have done throughout my thesis, importantly reveals that the Canadian state was/is a contested institution. Regional development goals, and more broadly the emerging activist welfare state made the federal government amenable to intervene, but their technocratic plans for a smooth wind-down immediately ran into major opposition to any shutdowns. Instead, compromises were made such as putting closure on an indefinite timeline and digging the new Lingan mine. Public pressure made it easier for the government to accept expanding the Coal Division when the opportunity arose, and harder to close down later. However, contestation was a two-way street, so governments and other power-brokers had the ability to set terms too. Nationalizing the coal industry was a key demand of Cape Breton miners for decades prior to 1967, but they did not get what they wanted when it arrived. MacKinnon's histories of SYSCO and Clairtone Sound, both similar projects to DEVCO in the region, were very much half victories for workers. Hopes for a public ownership based on democratic management, solidarity, and social justice were quickly dashed. Instead, state policy and resources were largely directed by local business elites.[311] DEVCO was hardly different in that respect, but what was surprising was that the federal government felt the need to make any concessions with the miners whose industry Ottawa was rescuing. Scholars have widely noted that deindustrialization was disempowering for workers,

[310] High, "A Fruitless Exercise?," 301-305, 311-312.
[311] MacKinnon, "Importing the Clairtone Sound," 166-168.

which was why they mostly failed to get state intervention in Canada — a politically "fruitless exercise" in High's characterization.[312] Contesting the state required leverage, and it was coal that provided much of it.

Returning to the TMX-DEVCO historical parallel that initially spurred my research, the comparison shows the Canadian state's continuing deep relationship to fossil energy infrastructures, which is the final explanatory component for the Coal Division's trajectory. Fossil fuels are unlike any other commodity because they are the primary power for the industrial economy. In his history of 'fossil capitalism' Andreas Malm notes that with energy, power has a double meaning. It is a motive force for machines and a source of social control. Directing energy flows confers political power to decide questions of development and resource distribution, as well as keeping the lights on.[313] This has made energy a very important matter of state since the nineteenth century and a regular site where state power is exercised. Energy flows are not uncontested, and perhaps even sources of democratic power as political scientist Timothy Mitchell somewhat controversially argues — that coal miners routinely disrupted the entire economy to win broad political demands. Their historical reputation for labour militancy was not simply a reaction to the dangerous work, but because they knew they had the power to immediately instigate a political crisis by striking, which quickly invited state intervention.[314] Cape Breton's 'long twentieth century' was characterized by this routine state interference in labour struggles to resolve disruptions to coal production with a mix of reform and repression. Deindustrialization here, like other economic sectors, undermined worker power to draw government interest for their plight, but there was an important complication, as pit closure was also a process of energy transition from coal to oil in the late twentieth century. It was not a

[312] High, "A Fruitless Exercise?," 297.
[313] Andreas Malm, *Fossil Capital: The Rise of Steam Power and the Roots of Global Warming* (Verso, 2016), 11-19.
[314] Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (Verso, 2011), 18-27.

smooth replacement process as coal power remained important for electricity generation.[315] The geopolitical tumult of the 1970s meant energy security concerns still reliably invited the Canadian state's intervention, and offered Coal Division miners continued leverage.

Recalling my primary argument from the introduction, DEVCO was a state-owned coal company. This conceptualization provides the connecting thread between regional development, deindustrialization, public ownership, energy policy, and drawn-out local resistance to pit closure. The Coal Division was a central pivot to these histories because it incorporated the issue of power in both senses: coal power and political power. The relative importance of each one shifted throughout the period under study and as I have laid out in my thesis they explain DEVCO's policy twists and turns. The declining postwar market for coal energy drove Cape Breton's deindustrialization and by 1965 the Dominion Steel and Coal Corporation wanted to dump its unprofitable colliery assets. DOSCO approached the federal government to buy the mines since Ottawa was already long entangled with the island's coal. Policy inertia combined with a newly activist Canadian state meant nationalization was the only serious choice considered, and that choice was made largely independently from worker and community demands for rescue. Deindustrialization had weakened their political power, but the unusual confluence of structural and local factors meant they got to shape the form DEVCO took. They convinced the powerful federal cabinet minister and hometown boy Allan J. MacEachen to ensure pit closure plans did not have a fixed schedule.

Public ownership significantly altered the power dynamics compared to private sector deindustrialization, because the Coal Division's fate was tied into broader government objectives like regional development. Nationalization formally politicized this instance of deindustrialization, making the Canadian state responsible for managing closure and

[315] Green and Piper, "A Province Powered by Coal," 540-545.

ameliorating social impacts. Investment decisions were made by politicians who were vulnerable to public pressure to preserve employment. Profitability was no longer the primary determinant for pit closure, which revitalized worker power to contest those terms because they could disrupt federal plans without fearing immediate layoffs. This enabled workers to force some moral economic considerations on DEVCO management, and most significantly that helped halt the Coal Division wind-down by 1972. That said, working class moral economy was not the only factor influencing federal decisions. Planners quickly realized that coal still fueled other local industrial anchors, primarily steel and electricity. Then the 1973 oil crisis suddenly transformed DEVCO from a regional make-work project into an instrument of national energy security. Mine expansion was then justified to supply a crash program of new coal-fired power plants to transition Nova Scotia off oil. It required hiring thousands of miners and digging three modern mines over the next decade. Like other state-owned enterprises, DEVCO was subject to various and competing political imperatives, which meant pit closure became untenable for a while.

However, the political nature of public ownership made DEVCO especially defenseless to shifts in what constituted the dual power of state and energy. When federal enthusiasm for regional development waned in the 1980s, the Coal Division was locked into selling thermal coal for electricity generation. The 1984 change of power in Ottawa ushered in a government uncommitted to public ownership, and which soon sought a commercial mandate for DEVCO, intending to eventually privatize it. That narrowed the scope for resistance and reduced worker power because the alternative to profitability was closure. Falling global coal prices were compounded by the 1992 privatization of Nova Scotia Power which was unwilling to continue paying a premium to buy local, so DEVCO was unable to turn a profit on contracts with its largest customer. The neoliberal turn was permanent, and the 1993 switch back to the Liberals from the Progressive Conservatives brought no relief from federal pressure that DEVCO achieve self-sufficiency. The only remaining leverage workers and communities had was how much political cost they could impose on closure, which was enough that the government preferred to draw it out several years more to find a buyer, before finally calling it quits in 2001.

In their thesis on queer oral histories of deindustrializing Cape Breton, Liam Devitt riffs on a joke from television show *The Simpsons* that depicted a gay steel mill to illustrate their point that usually "industrial labour and queerness are seen as complete antitheses of each other."[316] My thesis is not so committed to a bit, but there is a *Simpsons* gag lurking throughout. In one episode Bart Simpson is called on to make a class presentation on what he learned about oil-producing Libya. While his costume excellently matches then Libyan leader Muammar Gaddafi, he is otherwise clearly unprepared. After stating a few generalities and factual errors, Bart concludes by declaring the country "a land of contrasts."[317] Those are the first words I jot down on the page when I start any piece of argumentative writing, including this one. In DEVCO's case it was a surprisingly accurate assessment. Plans and reality never seemed to match, so a wind-down became an expansion. Press releases trumpeted decisive actions that were in fact ad hoc reactions to events. DEVCO was a land of contrasts in the sense that this describes how state power functions — unevenly distributed and highly contested. Filtered through recurring crises and subject to competing constituencies, it was unsurprising that a state-owned enterprise such as DEVCO appeared as an incoherent policy mess that inexplicably chugged along for decades.

[316] Liam Devitt, "Gay Steel Mill: Queer Oral Histories of Deindustrializing Cape Breton," (MA diss., Concordia University, 2024), 24, 93.
[317] *The Simpsons*, episode 14, season 9, "Das Bus," directed by Pete Michels, written by David X. Cohen, aired February 15, 1998 on Fox, https://www.youtube.com/watch?v=hqz2fl9aJSM.

From this mess there are perhaps many lessons about state power we can extract and apply to our present unsettled times. However I will only elaborate on the one that seems most immediately relevant, which is also the most damning for DEVCO's legacy and TMX's future prospects. Canadian state intervention has a long history of being a top-down snap response to crisis, and then only a quick fix until the next one. DEVCO responded to a crisis in 1967, but got retooled for another in 1973, and so on. TMX was saved in 2018 to increase Alberta export capacity, mostly to the Americans, but with President Donald Trump's tariff threats the pipeline is being touted as improving Canadian economic independence. Despite the enormous cost to build, there is prodding to expand it once again.[318] This is not democratic or effective policy-making, and bodes poorly for how the Canadian state responds to the climate crisis.

Deploying state power is unavoidably central to a successful green energy transition. While DEVCO was not about tackling global warming, and in fact contributed to it, the Coal Division's original intent does now appear as a proto-just transition. The term was coined within the 1970s American labour movement to address the job loss threat posed by emerging environmental regulations on high-polluting industries. Instead, affected workers and their communities would be compensated and adapted, mitigating serious social impacts. Since the 1990s just transition has been adopted by trade unions globally to influence climate change policy towards workers. I avoided using the concept until here because it is distracting and does not accurately describe DEVCO, but I do think that the Coal Division's history should be connected with how we approach closing the Canadian fossil fuel industry today. The primary connection is energy sector deindustrialization, which Alice Mah notes that "in practice, just

[318] Gigi Suhanic, "Second Trans Mountain Pipeline Expansion a 'No-Brainer' Way to Diversify Energy Exports," *Financial Post*, February 11, 2025, https://financialpost.com/news/trump-tariff-threats-expand-trans-mountain-pipeline-again.

transition debates tend to happen only in the context of industrial closures."[319] Averting further ecological catastrophe requires shutting down fossil fuel production, and for Alberta's high-cost oil sands, any sustained decline in world petroleum consumption will be very socially deleterious for the province. With DEVCO, Canada has a past experience of state-managed regional fossil fuel deindustrialization. Although as I have amply demonstrated, the Coal Division did not achieve a just transition, even in the brief early years when incremental closure was the primary goal. TMX is DEVCO's dark mirror image, an ad hoc nationalization of a doomed fossil fuel industry, yet not to responsibly close, but to expand it. We should not have to settle for the perverse hope that TMX will be another muddled failure of public ownership in order to avoid further emissions. We can have climate justice, not social ruin.

Despite DEVCO's demise, Cape Breton's 300 year coal mining history remains unfinished. There is a single troubled colliery at Donkin, originally dug but not opened by the Coal Division in the 1980s, operating intermittently since 2017 under a private owner, Kameron Coal.[320] This lengthy history has produced an almost natural association between the island and coal, at least for Cape Bretoners themselves. It is expressed in faded murals of miners, monumental statues, and local volunteer museums, which often retain a radical memory of the working class experience.[321] This filtered down to me as a jumbled sense of deindustrialization, state power, and unfinished class war — all now reclaimed by spruce trees. My first summer job was at my village's museum twenty years ago, and I had to read the autobiography of recently deceased Port Hood native "Lofty" MacMillan. Nicknamed for his exceptional height, he

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[319] Mah, *Petrochemical Planet*, 128-130.

[320] Tom Ayers, "Donkin Mine Remains Closed Despite Provincial OK to Restart Digging Coal," *Canadian Broadcasting Company*, May 31, 2024, https://www.cbc.ca/news/canada/nova-scotia/donkin-mine-remains-closed-despite-provincial-ok-to-resume-1.7219869.

[321] Lachlan MacKinnon, "Labour Landmarks in New Waterford: Collective Memory in a Cape Breton Coal Town," *Acadiensis* 42, no. 2 (Summer/Autumn 2013): 3-6, 25-26.

improbably got his start in the tight spaces of a coal mine. After 1945 moved into public sector union organizing, and became a major figure in the Canadian Union of Public Employees. His recollections of miners' union activism in the 1930s was full of tidbits about the Canadian state's role in it all, that it "was terrible what the government allowed to happen to the coal mine."[322] It certainly generated some terrible poetry about pit closure I found in the archives, a genre to which I have also contributed.[323] DEVCO's 1967 creation nationalized only the DOSCO collieries, while cutting subsidies to the independent operators. As a result, Port Hood's mine closed the same year. Like Industrial Cape Breton residents, Port Hooders wrote to their federal MP Allan J. MacEachen to demand DEVCO take over all the mines, but without success. One letter from Agnes MacIntosh was a poem titled "The Closing of the Port Hood Mine," which I will end my thesis with an excerpt from.

The mine is lonely and still.
The man who once earned his living
Is idle, there's no job to fill.
But sure there's no unemployment
For the Big Boys on Parliament Hill.
They always have their engagements
And our votes their stomachs fill.[324]

[322] John Francis MacMillan, with Emery Hyslop and Peter McGahan, *The Boy From Port Hood: The Autobiography of John Francis "Lofty" MacMillan* (New Ireland Press, 1996), 58-60.
[323] William Gillies, "Oyster Smells, Ranked," DePOT Blog, Deindustrialization and the Politics of Our Time, August 15, 2024, https://deindustrialization.org/oyster-smells-ranked-a-depot-summer-institute-poem/.
[324] LAC, Allan J. MacEachen Fonds, TSF 155 1966-1969, Port Hood Mine, Letter from Agnes MacIntosh, "The Closing of the Port Hood Mine," February 16, 1967, R16050, Box 301, File 6.

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