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Article abstract

This paper is based upon a discussion of the rise and fall of the iron ore mining industry in the Labrador trough of the Québec-Labrador region. The growth of exploration, development, expansion and decline phases are noted over the period between 1950 (circa) to 1984. Reference is made to the single industry nature of the industrialization process in the region and to the absence of long-term industrial growth.

THE RISE AND FALL OF THE « FOURTH EMPIRE OF THE ST. LAWRENCE » : THE QUÉBEC-LABRADOR IRON ORE MINING REGION

by

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ABSTRACT

This paper is based upon a discussion of the rise and fall of the iron ore mining industry in the Labrador trough of the Québec-Labrador region. The growth of exploration, development, expansion and decline phases are noted over the period between 1950 (circa) to 1984. Reference is made to the single industry nature of the industrialization process in the region and to the absence of long-term industrial growth.

KEW WORDS: Iron mining region, Québec-Labrador, Industrial frontier, dependency, external ownership.

RÉSUMÉ

**Naissance et déclin du « quatrième empire du Saint-Laurent » :
la région minière du Québec-Labrador**

Le présent article porte sur la naissance et le déclin de l'industrie de l'extraction du minerai de fer de la fosse du Labrador. La croissance de l'exploration minière, le développement de la région, l'expansion de l'industrie et finalement son déclin sont considérés pour la période s'étendant des environs de 1950 jusqu'à 1984. Plus particulièrement, il sera question d'un cas de développement économique régional basé sur une industrie unique et de l'absence de croissance industrielle à long terme.

MOTS-CLÉS: Région d'extraction du minerai de fer, le Québec-Labrador, frontière industrielle, dépendance, contrôle étranger.

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When in the early 1950's it became clear that iron ore sites in the Québec-Labrador trough were to be mined, there were great expectations for a new « industrial millenium » in a new frontier region.¹ Through a period of some 80 years prior to that event there was a tacit recognition of the existence and importance of iron ore deposits in Québec. However, it was not until after World War II that a combination of American demand and Canadian capital drew the region into the continental North American economy. This paper presents a background to this penetration process

and argues that such a development programme could only lead to limited industrial growth and the peripheralization of the region (Bradbury and St. Martin, 1983; Dugas, 1983). While it was apparent that a number of jobs were created in conjunction with a series of mining settlements there was, however, little opportunity for extended and deeper industrial growth drawing upon the resources of the region. Instead the process involved export based resource extractive industries on a narrow mining base of single enterprise communities. Indeed it became clear in the 1960's and 1970's that the intention of the steel companies, who owned the mines, was to draw upon the resource base of the region and not to expand its industrial base (Bradbury and Wolfe, 1981 and 1983; Wojciechowski, 1984).

THE INDUSTRIAL CONTEXT OF THE QUÉBEC-LABRADOR MINING SYSTEM

The post World War II era saw the Québec-Labrador iron ore industry in Canada drawn closer into the orbit of American influence. The United States was reputed to have depleted its raw materials resource base, especially iron ore, and in a period gripped by the cold war it sought to gain access to external supplies, including iron ore from Québec. Japanese firms as well as those United States multinationals which did not expand into Québec, moved into Australia and the Third World, including Africa and Latin America. (Bradbury, 1984a and 1984b; Bradbury and St. Martin, 1983).

Canada as a whole possesses immense reserves of direct shipping ore as well as reserves of low to medium grade ore that can be processed to upgrade the iron content. However in the 1890's, in the first phase of national industrialization, both central Canadian steel firms as well as steel mills around Chicago, Pittsburgh and Cleveland turned to major and more accessible ore deposits in the Mesabi Range in Minnesota in the United States. These deposits south and west of Lake Superior were easier to mine and, as a consequence, direct interest in Canada's iron ore was not evinced by both Canadian and American companies, until the early 1950's.

In contrast to the United States which has major iron deposits concentrated in the Great Lakes areas, Canadian deposits are quite diverse. There are large and small mines associated with deposits all the way across the Canadian Shield from Manitoba to the east coast of Labrador. (Downie, 1970). A deposit known as the Steep Rock area, which is similar in structure and type to the Mesabi Range deposits in Minnesota, occurs in northwestern Ontario, 150 miles west of Port Arthur. A second and larger deposit occurs in the Québec-Labrador trough which runs north from central Québec along the provincial border line to Ungava Bay and further north to Hudson Strait. A third deposit, now largely worked out and abandoned, is located on Bell Island off the southwest coast of Newfoundland. Other smaller deposits are located in northern Ontario, southwest Québec and British Columbia.

The Québec-Labrador trough region has produced approximately 75% to 90% of national production of iron ore, most of which is exported to the United States, Europe or Japan. Iron ore deposits in Northern Ontario are mostly comparatively minor; mines located there supply steel mills in Ontario and United States. The major significant change which has occurred in the last one hundred years in the regional distribution of production has been the fall of Atlantic Canada, especially of the iron mines in Newfoundland, and the decline of the steel industry in Nova Scotia. The

industrial production of steel moved instead to the heartland of southern Ontario, onto the golden horseshoe region around Hamilton and Toronto. Ontario presently has by far the major Canadian crude steel capacity (80,1%), followed by Québec (7,69%), and Nova Scotia (5,4%). Regional employment in the steel industry mirrors this pattern of production concentration (Bradbury, 1982a, 1982b and 1982c; Frank, 1977).

Probably the most notable feature of the regional concentration of iron ore production and steel making in Canada is the absence of major corporate linkages and supply relationships between the iron ore region in Québec-Labrador, which produces the bulk of Canada's indigenous iron ore, and the major steel making region in southern Ontario. This split is long standing and is unlikely to be resolved unless major restructuring of capital occurs and major upheavals in the corporate ownership patterns of the entire industry take place. In northeastern Canada there are however, major linkages between United States based firms and mining operations especially in the Québec-Labrador trough. Most recently the iron mines of Québec-Labrador have experienced a severe restructuring phase involving closures, layoffs and relocations (Bradbury and St. Martin, 1983; SBJ, 1983; Québec, 1983; Rigaud and Dugay, 1983).

PENETRATION AND DEPENDENCY RELATIONS

The United States based steel firms originally moved into Québec and Labrador in the late 1940's and early 1950's in an attempt to secure long term supplies of iron ore. While they succeeded in building a corporate linkage between an iron ore region and a steel making area, the status of extreme dependency in such relationships is very evident. Major plants, firms and town sites are mostly dependent upon United States firms which in turn are responsive to the cyclical and competitive behaviour of the global steel industry. Within Québec there is evidence that the State (provincial government) has attempted to alleviate some of this external dependence. It has endeavoured to rationalize the iron ore and steel industry in the region, by purchasing several iron ore mines as well as processing plants in the Québec-Labrador trough; and by consolidating steel making and manufacturing plants in Montréal under the auspices of a State corporation, SIDBEC (Bradbury, 1982a). However, in 1984 the State corporation involved with ore production and steel making (SIDBEC-NORMINE) in Québec closed down its mining operations and the town site of Gagnon in Québec.

Several operations in the region experienced major difficulties in the 1980's resulting in closures, unemployment, emigration and loss of physical and social capital. These local and regional patterns are a direct result of fluctuations in the steel business cycle, to which primary resource regions are peculiarly sensitive, and to the staccato progress of capital accumulation in the United States. In order to survive competition and to continue the process of capital accumulation, even at a reduced rate of profit, certain plants and towns (e.g. Schefferville) were closed down or slowed down in order to ensure the survival of the multinational firm. This pattern is common to most resource based regions which are dependent upon a single resource or on limited levels of processing, the products of which are placed on a very competitive market (Bradbury, 1979; Bradbury and St. Martin, 1983).

Nearly 70% of the ore mined in Québec-Labrador is shipped directly to parent companies in the United States; the balance is sold on contract in Western Europe and Japan. Dependence on the United States steel industry is clear, since approximately 85% of all share stocks are held inside the United States (table 1).

Table 1
Iron Ore Mines in Canada 1983-1984

<i>Settlement</i>	<i>Company</i>	<i>Province</i>	<i>Opening Year</i>	<i>Port</i>	<i>Approx. % Canada Total</i>	<i>Destination</i>
Schefferville *	IOCC	Québec	1954	Sept-Îles	14.6	USA, Europe, Japan
Labrador City	IOCC	Newfoundland	1962	Sept-Îles	23.8	Canada, USA, Japan, Europe
Wabush	Wabush Mines	Newfoundland	1965	Pointe-Noire	10.4	USA, Europe
Gagnon *	Québec-Cartier Co	Québec	1965	Port-Cartier	16.9	USA, UK, Europe
Fermont	Sidbec Normines	Québec	1974	Port-Cartier	11.5	Canada, USA, UK, Europe
Shawville	Hilton Mines	Québec	1958	—	1.9	USA, Canada
Marmora *	Marmoranton	Ontario	1955	Picton	0.9	USA
Capreol	National Steel	Ontario	1959	Depot Harbour	1.2	USA
Sherman Mines	Timagami	Ontario	1968	—	1.7	Canada
Kirkland Lake	Adams Mine Co	Ontario	1964	—	2.2	Canada
Wawa	Algoma Ore Co	Ontario	1939	Michipicoten	2.9	Canada, USA
Atikokan *	Caland Ore	Ontario	1960	Thunder Bay	3.8	USA
Steep Rock Lake *	Steep Rock Iron	Ontario	1944	Thunder Bay	2.6	Canada, USA
Bruce Lake	Griffith Mine	Ontario	1968	—	2.8	Canada
Texada *	Texada Mines	British Columbia	1956	Texada Island	0.9	Japan
Tasu *	Wesfrob Mines	British Columbia	1967	Tasu	1.9	Japan, USA
Sudbury *	National Steel	Ontario	nd	nd	nd	nd

* Closed.

Sources: L. Beauregard (1973), La géographie du fer au Canada. Une mutation en cours, *Cahiers de Géographie de Québec*, 17 (40), p. 91;
Canadian Minerals Yearbook(s), Bradbury and Wolfe (1983); *Financial Post* Corporation Service Files (various years).

Corporate control, except for one Québec owned state corporation, is therefore located outside the region. Control over the mining activity as well as over the mining space was obtained through long term mining rights and leases granted by the governments of Québec and Newfoundland between 1950 and 1980. These rights enabled a monopoly over space and over the stages of economic development and levels of processing within the region as a whole. Such a status permitted foreign owned companies to maintain only a minimum level of processing with little incentive on the part of the state to pressure or encourage them to alter it. Monopoly rights to space have also meant that it was difficult for other mining companies, or even other industrial activities such as lumber or wood harvesting, to become part of the industrial profile of the region.

THE QUÉBEC-LABRADOR IRON ORE REGION: INDUSTRIAL FRONTIER AND THE ROOTS OF REGIONAL DEPENDENCY

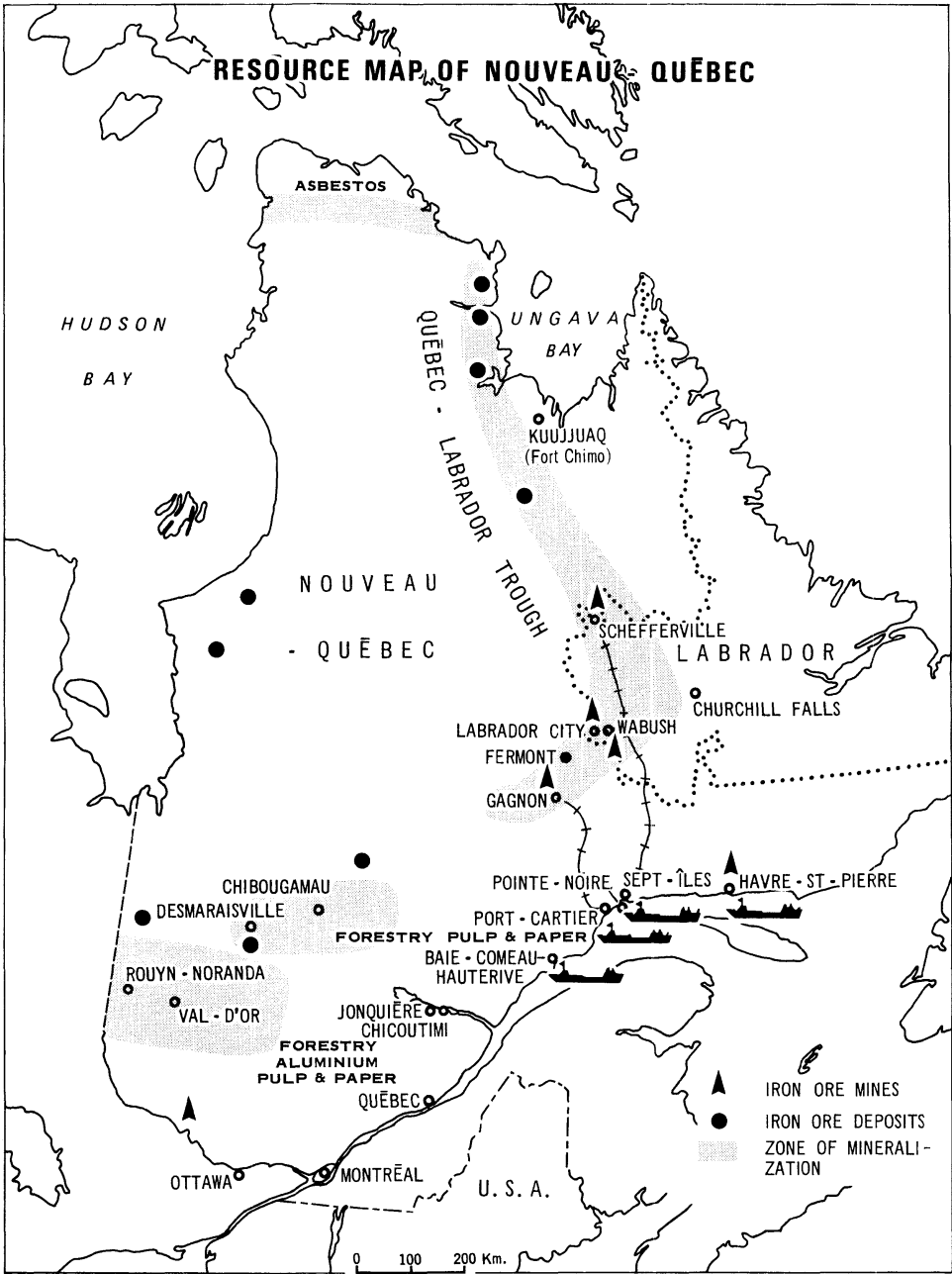
The iron ore era began in 1870 when Fr. Louis Babel, O.M.I., reporting on a mission through northern Québec, noted that abundant deposits of iron ore were apparent near Knob Lake adjacent to the present day town site of Schefferville. Again the ore was «rediscovered» between 1892 and 1895 when geologist A.P. Low, attached to the Canadian Geological Survey, noted the vast deposits near Knob Lake. It is also notable that almost at that same time detailed surveys were being made of iron ore deposits in Michigan and Wisconsin; and in 1890 the vast resources of the Mesabi Range in Minnesota were definitively established.

Before World War II there were few attempts to further reconnoitre the iron ore reserves of the Ungava peninsula, Québec-Labrador, where the bulk of the ore lay. The war, however, had a positive effect on the stimulation of further survey work, especially as both Canadian and American steel makers were made aware of the industrially strategic nature of both iron ore and steel. Indeed the war period itself saw intensive searches for suitable ore bodies in the United States, Ontario, and the Ungava peninsula.

In 1942, the Hollinger North Shore Company Ltd., a wholly owned Canadian subsidiary of Hollinger Consolidated Gold Mines Ltd., was incorporated in Québec to follow up, explore, and establish rights over the region of Nouveau-Québec where the iron ore, noted by A.P. Low, was located. In 1942 the company acquired prospecting and mineral exploration rights over approximately 3900 square miles of land in Nouveau-Québec (Ungava territory) in the region of Attikamagen-Wokuach Lakes lying to the north and west of the boundary territory of Labrador (Québec, 1944). On the Labrador side of the border and to the east of the Hollinger license area the Newfoundland government had, in 1938, granted a special license, covering some 20000 square miles in the western part of the Hamilton river basin adjacent to Schefferville and including the same ore deposits. Major developments took place first, however, on the Québec side of the boundary near Knob Lake and Burnt Creek (Québec, 1946). In 1946 the Québec government granted a special mineral exploration license and a long term lease on an area of 3900 square miles to the Hollinger North Shore Exploration Company which was an updated version of their previous tenure, granted largely to define firmer rights and to establish the basis of cost structuring and royalties.

Between 1942 and 1944 the Hollinger North Shore Exploration Company mapped the iron ore deposits of new Québec and prospected the depth, quality, type and value

Figure 1



of the ores. The basis of the Corporate Structure eventuating in control by the Iron Ore Company of Canada (IOCC) became obvious at this stage. While, as we have noted, little attention was paid to geologist Low's earlier reports, the mid-1930's saw a rapid increase in new geological reports, which led a Montréal mining group to acquire mineral concessions of over 20 000 square miles from the Newfoundland government. This was the Labrador Mining and Exploration Company whose rights extended up to the border with Québec. Quickly concessions were sought on the Québec side as well. And in 1942 control of the whole region was acquired by Hollinger Consolidated Mines Ltd. which included a 40% equity interest held by M.A. Hanna Company of Cleveland, Ohio. Their marriage produced the offspring Hollinger North Shore Exploration Company whose purpose was to gain control of Québec's iron ore reserves. Cooperation between this Canadian-American linkage and the Duplessis government of Québec eventuated in full control being exercised over iron ore developments in the region (*Financial Post*, 1967).

The programme of exploration in 1947 was heralded by the drive to find new global sources of iron ore. American firms were still urgently looking for reserves and Canadian companies were eager to oblige. Indeed it was not until 1947 that drilling began seriously; previously the iron ore attracted little interest as the main objective of the search was base metals of different types — the discovery of iron ore was thus regarded as a fortuitous side-issue.

Drilling in 1947 which indicated the presence of at least 150 000 000 tons of iron ore, established the site as a prime case for north American exploitation, provided of course the capital was available and the political will present. A permanent presence in the form of an air-base was established near the present site of Schefferville. Local roads were constructed and preliminary surveying of a railway route to the sea in the south was completed. To accommodate this development process two subsidiary companies, Québec North Shore and Labrador Railway Company, and the Ungava Power Company were incorporated. For the most part exploration in these early stages was established in licenced areas to the north of the present day mining regions near the town sites of Schefferville, Labrador City, Fermont and Wabush. These latter sites were established in southerly zones of ore closer to sea transportation in areas uninterrupted by multiple-license claims, which was the case in the more northerly deposits.

In 1949 Knob Lake became established as the «urban» focal centre of mining operations. In that year a government airbase was laid out, new warehouses were built and a staff house, construction site and company guest house established. A new company, the Hollinger-Ungava Transport Company Ltd., transported equipment into the area and the Ungava Power Company submitted a petition to the provincial government of Québec to harness the Eaton Canyon rapids on the Caniapiscau river to supply 140 000 horsepower of electricity to the mines and the town site.

In that same year of 1949 the roots of dependency, growing from the seed of American steelmakers, sprouted a new company to exploit the iron ore reserves of the Québec-Labrador region. This was the Iron Ore Company of Canada, incorporated in Delaware in the United States on November 18, 1949 by a core of steelmakers: Armco Steel Corporation, Hanna Coal and Ore Corporation, National Steel Corporation and the Youngstown Sheet and Tool Company. All of these United States firms entered into a senior partnership with the Hollinger North Shore Exploration Company and Labrador Mining and Exploration Company. The organisation and operations of the Iron Ore Company of Canada at this stage were under the control of a Canadian based company incorporated in late 1949 as the Hollinger-Hanna Company (Québec, 1949).

The pattern created by the ownership and control of the Iron Ore Company of Canada in 1949 largely dictated the industrial development process and resource exploitation orientation which followed in the next three decades. Working with United States backers and finances, J.R. Timmins, the president of Hollinger Consolidated Gold Mines, a Canadian company, laid the template of resource dependency. The operating vehicle conceived was the Iron Ore Company of Canada (IOCC). It was capitalised initially at \$ 170 million (1949 Can. \$) — \$ 30 million of common stock, \$ 40 million of 3% income bonds, \$ 100 million of prior lien bonds. The financial participants received \$ 3 million of common stock for their initial \$ 5 million of commitment. Hollinger North Shore received \$ 3 million of common stock and Labrador Mining and Exploration \$ 2 million, plus a 7% royalty on the value of iron ore exported. The Hollinger and Hanna Companies each subscribed in cash for \$ 2.5 million and the steel companies including Hanna Mining subscribed some \$ 20 million (Park and Park, 1973).

While details on the actual funding and financing details of IOCC in its initial years are difficult to obtain, a report of the events, published in 1973 suggested that 85% of the funds required were raised by borrowing on the credit of IOCC bonds and debentures while the remainder came from share issues. On the basis of an analysis of 1957-1959 data it was judged that \$ 40 million of investments came from debentures and loans mostly within Canada (*ibid.*). The management of the IOCC was initially supervised by a Canadian company equally owned by Hollinger and Hanna for a fee of 10 cents per ton of all ore and specialties sold. Share ownership by the United States based steel partners obliged them to pay for some facilities to unnamed limits and to accept a proportional limit of the iron ore produced by the IOCC each year in their Québec-Labrador mines (*Financial Post*, 1949).

REGIONAL « BOOSTERISM » AND EXPORT-BASED DEVELOPMENT

Between 1949 and 1954 when the first iron ore left the region for United States steel furnaces, a new town was constructed at Schefferville near Knob Lake, hydro power stations were completed at Menihek and Sainte-Marguerite; the railway line to the southern part of Sept-Îles was completed and a workforce engaged to work in the mines. The proven ore reserves were estimated at the time to be 417 707 000 tons (revised from 1947 estimates). It was in this early 1950's period too that more southerly reserves were discovered in the great belt of iron ore running in a north south direction following the inclination of the Québec-Labrador trough. The final estimates of the reserves indicated $\frac{2}{3}$ were in Québec and $\frac{1}{3}$ in Labrador — mostly of lower grade and between 35% and 50% iron content. By comparing the Nouveau-Québec deposits to those of the Mesabi Range in the United States it is possible to obtain a more precise idea of their relative sizes: the Mesabi Range iron ore zones cover an area of approximately 110 miles in length by one to five miles in width, including a most favoured zone of 70 miles length. In comparison the Nouveau-Québec deposits, known in 1951, covered an area of 225 miles long by 10 to 60 miles wide with a most favoured zone some 90 miles in length (Québec, 1951).

Development works in the region up until 1954 were concentrated on establishing the infrastructure of a vast mining venture in the Québec/Labrador trough. The 1950's and 1960's henceforth were a period of great excitement and anticipation as the mines and railways exemplified the penetration and taming of a new territory. It was industrial frontiersmanship at its best. There was a certain air of romance and

excitement as yet another mining frontier was opened within the parameters of a huge mega-project. The mines and the region itself became the mecca of nationalist politicians and the repository of fashionably oriented sentimentalism for «the north» and for resource based industrial growth. It was this latter point which became somewhat of a misnomer as the great bulk of the ore was destined for United States steel makers deflating the potential of northern steel mills and steel towns providing jobs and pouring steel for the Québec economy. Indeed it was not until 1977, some twenty two years after the first shipments of ore left the Québec-Labrador region, that any «Québec-ore» was turned into «Québec-steel».

In Québec, the State played an important role in the development of the iron ore industry both before and after the 1954 starting date at Schefferville. Legislation permitting and encouraging the mining companies to invest in and explore the mineral base of the province, and later to build towns, mines and railways, came from successive provincial governments. The intent of each government was to promote resource exploitation with a view to facilitating indigenous employment and industrialization. Unfortunately the nature of the industrial programmes involved did not extend the levels of industrialization within the region — largely because the mining industry itself was designed to produce inputs into United States steelmakers, who were, needless to say, not located in the Québec-Labrador area. Thus the romance of the frontier became exchanged for the subservience and dependency of a resource-supply area limited in its capacity to produce both added-value and surplus value; and limited in its ability to savour the fruits of «boom» periods and to survive the downswing and «bust» periods.

Successive provincial governments in both Québec and Labrador utilized royalty structures and concession systems to finance operation and to «regulate» the operation of the mining companies. In principle the concession system recognised corporate control over bounded land areas in exchange for limited royalties. The concession system, by reserving areas from public staking, in accordance with the general provision of the Crown Lands (Mines and Quarries) Act, and by entering into «private» or «special» arrangements with favoured companies, was the major method of disposing of mineral rights on Crown Funds. In London in 1938 the first major concession in the mining industry was granted to the Labrador Mining and Exploration Company. The first agreement, based on royalties, was for a period of eight years. Initially too, as with the Québec mining agreements, mechanisms were developed whereby land could be returned to crown control if insufficient investments were made in development, or if operations were abandoned. Under these arrangements in 1974, the Iron Ore Company of Canada paid 5% of its profits to the Newfoundland Government as Royalty, or approximately 40 cents per ton of iron ore shipped by the company (Newfoundland, 1974).

Apart from royalties, urban controls through municipal bodies, and some controls of taxation and boundary limits, the governments of Québec and Newfoundland had little access to the decision making faculties of the mining companies in the iron ore region. It seemed that in a short period of three to four years, rights to access to iron ore were alienated to large mining companies linked through financial and corporate networks to externally based steel companies.

The manner in which control and ownership of the iron ore resource was alienated exemplifies the penetration and resource extraction programmes exacted by large multinational resource companies in their search for multiple sources of

minerals and their search for captive and linked supply regions. The story in Québec-Labrador began with the activities of one Jules Timmins of Hollinger Consolidated who was largely responsible for the big exploration drive in Québec beginning in 1947 (*Financial Post*, 1967). And Timmins was the man who drove the last spike symbolizing the completion of the railway from the sea-to-the mine in 1954. Timmins along with J.Y. Murdoch became minority shareholders in the Iron Ore Company of Canada which became the biggest developer in the Québec-Labrador region.

Canada in the early 1950's and through to the mid 1960's became the new « Mecca for the big iron ore rush ». There were numerous examples of external ownership relationships similar to those in Québec-Labrador. In 1951 for instance the Steel Company of Canada (Stelco), along with four United States steel companies, made inroads towards obtaining control of the Steep Rock Mines in Ontario. In Montréal in that same year too, the United States government announced a proposal for a \$250 million steel mill in New England to « make use of » Canadian iron ore (*Financial Post*, 1951). In 1957 again the mining world awoke to talk of a « negotiations-behind-closed-doors » to bring into production a « Wabush (Labrador) Iron Ore bonanza by Canadian and United States companies ». The major deal here was to obtain access to mineral rights and concessions held by a Canadian millionaire under the aegis of Canadian Javelin Ltd. (*Financial Post*, 1957). Under an agreement the Canadian company was purchased by seven big United States and Canadian steel companies including Pickands Mather and Stelco.

The Wabush Mines group, located in Labrador and derived from the Canadian Javelin Company, is a further instance of the externalization of resource and dependency development in this period. The initial land deals to alienate the Wabush ore bodies commenced in 1952 when J.C. Doyle an Irish-American based in New York, paid \$2500 to Newfoundland premier Smallwood, on 24 000 square miles of Labrador territory. Doyle then sold the ore body rights, estimated at 1,5 billion tons, to ten major international steel companies. Canadian Javelin's rights were later modified to a subconcession of 2300 square miles in the Wabush Lake area of Labrador, immediately south and adjacent to the Labrador concession of the Iron Ore Company of Canada near Schefferville. Exploration was carried out in 1953 and 1954 revealing an extensive body of ore averaging 67% to 68% iron. During 1955 the Newfoundland legislative enacted « the Wabush Lake Railway Act, 1955 » enabling Doyle's company to construct and operate a branch railway line to connect with the Iron Ore Company of Canada's railway linked to the port of Sept-Îles. The Wabush railways shares were guaranteed unconditionally by the government of the province of Newfoundland (*Financial Post*, 1956).

Doyle had originally obtained access rights from the Newfoundland and Labrador Corporation (NALCO), a crown agency set up by the Newfoundland government to dispose of mineral leases. The initial expenditure involved some \$250 million over the first three years and later Doyle was able to purchase control of NALCO itself for \$2 million. In the first six years of Doyle's operations no Canadian companies were disposed to enter the iron ore race in Labrador. Instead the United States Steel Company, which was running out of ore at home entered the picture; eventually Canadian Javelin disappeared from the picture too, its function completed by the sale to U.S. Steel. Later Doyle was to disappear from the financial scene himself, shrouded in mysterious taxation and fiscal problems (*MacLean's Magazine*, 1962).

The 1950's also saw a number of other deals between Canadian provinces, Canadian intermediaries, and United States interests, especially those linked with

steel and iron ore, and more especially with financing the St. Lawrence Seaway. The whole resource development picture in this period was in fact partially inspired by the United States Paley Report, the potential offered by a St. Lawrence Seaway network, and by the Canadian Government itself which actively facilitated penetration by multinational companies and international capital.

According to the Paley Report, published in 1952, by 1975 the United States would need to import some 65 million tons of foreign iron ore every year. In 1955 this amount was ten times the entire production in Canada. In anticipation of this bonanza, therefore, in 1955 alone some twenty companies were engaged in a nation-wide search for iron ore. Many of these activities of course never eventuated in a mining operation or a steel mill. Their purposes, however, did show quite dramatically the great international interest generated in the low grade ores of Québec-Labrador — an interest equivalent, incidentally, to the later moves by many of the same firms to higher grade ore body sites in the developing world, including Brazil and parts of southern Africa.

The Canadian proposals included those of numerous steel companies in the United States, the Cyrus Eaton empire, the Krupp Empire in Germany and Japanese, French and British steel firms all engaged in a frantic scramble for iron ore (*Financial Post*, 1956; *Industrial Canada*, 1951). The Cyrus Eaton — Krupp proposals were especially interesting because although they entailed detailed financial and industrial plans, they, like many others at the time, never came to fruition. Their significance, however, lay in the fact that they embraced international finances as well as German and American interests to be focussed on a small northern Québec community at Hopes Advance Bay (*Financial Post*, 1957 and 1959). Expectations of massive social change and upheaval, but most important of all, employment for local people were built up but never satisfied. The company's strategies also followed a similar path to other development promoters. Cyrus Eaton (United States) interests, under the name of the Atlantic Iron Ore Company, made application for an operating license on the huge lowgrade ore deposit at Hopes Advance Bay. Under the license operations were to commence in 1962. The combination of corporate interests would have meant production of 350 000 tons of iron ore pellets in 1963 rising to 5 million tons annually. When full production had been reached, a community for 4 000 to 5 000 people was to be built at Hopes Advance Bay. A \$ 10 million railway would connect the mine to the sea front and from there a bulk carrier «super tanker» would carry the iron ore to a transit port in Greenland. The plans were elaborate, grandiose and finally disappointing — especially for a number of potential employees in northern Québec; but such was the stuff of planning and speculative frontiersmanship of mega-projects in the 1950's (*Financial Post*, 1954 and 1959).

Grandiose plans also marked the assessment of the potential of the whole north shore of the St. Lawrence region. However, the planning lacked the foresight and control which would have taken projects beyond the types of limited development which occurred in the 1950's and 1960's. The regions' industrial future unfortunately never extended beyond the limited horizon of basic resource processing and exporting, with the roots of dependency clearly embedded in this limited status. Indeed throughout the post 1950 period, and even while the mining industry boomed in the 1960's and 1970's, there was never any real attempt to promote additional industrial development, despite the presence of resources, energy, labour and finances. A litany of development ideas which followed the boom and bust cycles of the early 1980's, and the closures of mines and towns, had their precedent set down in the later 1940's and early 1950's even before iron mining operations commenced. This pattern, clearly

exposed by Parliamentary committee hearings in Schefferville in 1983, showed the industrial base of the region had not proceeded beyond a basic processing stage. But this also was the stuff that shattered dreams-in-the-wilderness are made of (Québec, 1983).

The original plans, forecasts and projections in 1949 had demonstrated the great period of excitement and anticipation in the «new Empire of the St. Lawrence». Questions arose such as: does this mark the beginning of a vast new industrial expansion for Québec? Will a new industrial area for Canada arise out of the wilderness of Québec's north shore in the wake of the iron development (*Financial Post*, 1949). In addition to these highly publicized questions, and some actual evidence of mining deployed by the Hanna-Hollinger and J.R. Timmins connections, there were announcements of new designs to harness the wilderness, not unlike those voiced in British Columbia in the 1950's. Baie-Comeau's Bishop Labrie, speaking in 1949, foresaw how the Land-God-Gave-to-Cain could be transformed from its rather poverty stricken state into a haven of happy prosperous homes for at least 100 000 new French Canadian settlers. To support this whole myth of grand-scale imagery, moneyed buccaneers from New England, Toronto and Montréal swaggered about the financial stage pronouncing the eminent coming of the industrial millennium for *la Côte-Nord*.

It was, for instance, not thought likely that ore would be shipped merely in crude form — which was true: pelletization and concentration plants were later established to process ores and produce iron pellets for export. However, numerous plans and maps of a steel manufacturing centre on Québec's North Shore inflamed the dreams of industrial growth to suggest that something beyond pellet making would eventuate too. Power stations were to harness energy for steel mills. Satellite industries would quickly be attracted producing thousands more jobs: inapt comparisons with Baltimore's steel growth were made here. New steels, including ferro-chromium for direct smelting to stainless steel, would be developed because of the known presence for chromite ores in the region. Silica deposits sparked ideas of a ferro-silicon industry. The list was long and impressive: cement and gypsum, lumber, chemicals, and plastics.

CONCLUSION

As suggested by the pattern of ownership and control of resources in 1950, and indeed in the 1980's as well, the construction of town sites, railways, mills and mines was designated to facilitate export based industry (*Financial Post*, 1949). The net to mesh the added value within the region, and indeed in Québec, was insufficient to land the whole growth and industrial development fish. Indeed «growth pole» theories and «spread effect» strategies, such as prevailed at the time, were grossly inadequate to base development upon, or indeed to explain the lack of indigenous industrialization at risk in this new empire of the St. Lawrence. After all, the steel companies who became engaged in mining were not concerned with, and had never been interested in, expanding their manufacturing and processing operations to Québec's North Shore. Their main interest, as espoused in United States foreign policy, was to obtain new reserves of iron ore to satisfy the hunger of their steel mills. In such a climate was the face of dependency born in the Québec-Labrador iron mining region. Indeed plans for converting the Land-God-Gave-to-Cain into an industrial Ruhr must be seen as the preparation of the parishioners for a minor festival rather than for an industrial millenium (Archer, 1983; Bouffard, 1983).

NOTE

¹ The Québec-Labrador region was exposed to a massive restructuring and closures during the late 1970's and early 1980's. The mining region's population is estimated to have dropped from nearly 70 000 to approximately 30 000. The era before 1954-1955 was one in which the potential for the region seemed great: there was a degree of euphoria as the «Fourth Empire of the St. Lawrence» was opened up to «development». This paper seeks to expose the weak basis for extended growth and the «myth of development» which draws purely upon a single industry staple economy. The reference to the Fourth Empire of the St. Lawrence here is a metaphor of the decline of the Iron Mining Region as a whole in the early 1980's. The «Fourth Empire» noted here is thus a metaphorical extension of the «Third Empire» referred to by R.T. Naylor (1972) in *The Rise and Fall of the Third Commercial Empire of the St. Lawrence* in G. Teeple, ed., (1972).

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