

THE UNIVERSITY OF CALGARY

Pulp Mills, Publics and Communications:  
A Case Study of Daishowa Canada Co. Ltd.

by

Yoshiko Kitamura

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES  
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DEGREE OF MASTER OF ARTS

GRADUATE PROGRAM IN COMMUNICATIONS STUDIES

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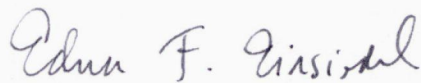


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## Abstract

This case examines Daishowa Canada Co. Ltd., a multinational pulp company's local communication efforts as it established its operations in northern Alberta in the late 1980s. The company's public communication activities were investigated within the current Canadian context characterized by environmentalism and aboriginal issues. Using Systems theory as the primary theoretical framework, this study took a grounded theory approach. The study attempted to generate theory from the qualitative data gathered through interviews of key individuals and documentation analysis. The significant finding was a need for systematic environmental monitoring by an organization to understand its relevant publics and its social context. This information base assists organizations to plan proactive and appropriate communication strategies with various publics. The goal is to achieve a mutually beneficial relationship between the organization and its publics. Finally, a model of two-way symmetric boundary-spanning activities was presented as a potential form of corporate public communication.

## Acknowledgements

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To My Mother

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## Chapter I

### Introduction

In the preceding decade and in the 1990s, there has been and will be an increasing urgency for corporate enterprises to plan for and respond to a rapidly changing physical and social environment in order to survive and prosper. They must integrate external changes with internal operations and long term goals. Understanding changes and keeping on-going dialogue with key publics is essential to success. This was presaged in the late 1960s by the observation that a changing environment embodies many issues including concerns of and for racial minorities, safety, pollution, the natural environment, and other matters of public interest (Sethi & Votaw, 1973). A concomitant observation was that the strategies of many corporations were traditional and tended to be defensive, relying on ineffective public relations activities and legal responses to activism.

Environmentalism symbolically started with Earth Day in April 1970. It has evolved into a major movement that has forced corporations into increasing awareness. In only twenty years, the more alert enterprises have taken a proactive approach, raising the issue themselves with their publics and stakeholders.

The massive environmental disaster of the 1980s, the Exxon Valdez oil spill, illustrates how important it is for an organization to respond to this new public interest. Exxon has learned to develop strategies to communicate its new sense of responsibility after a

disastrous public relations experience when the tanker Exxon Valdez struck Bligh Reef off the Alaska coast in 1989. Almost 11 million gallons of oil spilled and contaminated the Alaskan shoreline, killing thousands of birds and otters (Harrison, 1989; Small, 1991). Exxon spent \$2 billion dollars in cleanup and paid another \$200 million dollars in claims. This amount of money, large by any measure, could not recover the damage done to its corporate image, one of the worst tarnishings of reputation in American industrial history (Small, 1991).

What is essential for the corporation in today's social milieu is to understand the changes in its operating environment and to respond to these changes in affirmative and proactive, socially responsible ways. Organizations must have innovative communication plans which transcend traditional public relations.

### I. A Case Study in Corporate Communications

This thesis focuses on a multinational pulp mill company's communication efforts as it established its operation in northern Alberta. It is a case study of Daishowa Canada Co. Ltd. which started a pulp mill in the town of Peace River in 1988. Daishowa has received extensive media coverage from the day the project was announced by the Alberta government in February 1988. Considerable controversy surrounded the Daishowa project, concerning the mill's technical design, the production process, the logging plan and the relationship with an Indian band. This study

examines the successes and failures of Daishowa's public communication activities: what were the communication problems with the various interest groups and stakeholders, if any? How and why did these problems develop? How could they have been prevented or solved? The study addresses the need for companies to understand and effectively manage communication problems and opportunities. This is an exploratory, descriptive and explanatory case study which attempts to describe the overall context, Daishowa's specific public communication activities and to explain the communication issues that may have arisen.

Although the study draws on a number of theoretical frameworks to help guide the analysis of the case, basically it is conducted from the standpoint of grounded theory. That is, it utilizes the case study as a way of attempting to contribute to communication theory.

## II. Significance of the Study

This study is significant for several reasons. The public communication policies and actions of an organization are meaningful because the quality of communication can determine the fate of a company, as can be seen in the Exxon case. Second, the study is significant because it investigates contemporary conditions of the establishment of a pulp mill company by examining the characteristics of the case as a whole, including the current Canadian context which implicates such controversial issues as

environmentalism and aboriginal issues. The time scale, from spring of 1987 to early 1992, enables the researcher to collect as much up-to-date data as possible.

The subject of this case study is significant in another way. Daishowa's pulp mill project is the first significant foreign capital investment utilizing the vast forestry resource of northern Alberta. There is no precedent. Even though a number of pulp mills have existed in Canada for decades, the construction of a large pulp mill based on foreign investment caused considerable controversy, attracting much media attention. That the case also incorporates important environmental dimensions adds to its significance. Finally, given the sensitive issues embroiled in this case, access to key people, to documents, and to the company becomes all the more critical. The access afforded this researcher has thus allowed an opportune insight into the situation.

### **III. Research Design**

This case study takes the grounded theory approach which attempts to generate theory from the qualitative data gathered through interviews and analysis of documents. "Grounded theory" is defined as the discovery of theory from data which were systematically collected and analyzed (Glaser & Strauss, 1967). Through the research process of the grounded theory approach, theoretical frameworks provide important guidelines in terms of collecting and analyzing the data, and generating theory at the final

stage. The fundamental theoretical framework used in this case study is systems theory which emphasizes the interdependent relationships between an organization and its external environment. An organization shares the overall environment with other organizations, interest groups, and stakeholders, and all these entities comprise a total system. Based on systems theory, the communication activities need to be analyzed in terms of managing the interface between the organization and its environment. In this situation, boundary-spanning activities become a useful theoretical concept because it includes more than the conventional public relations functions in the sphere of corporate public communications. For example, monitoring the external environment is a critical function. Further, because the social issues raised from the contextual environment may become critical public communication issues, the process of 'issues management' is described by way of presenting conditions for successful public communications in the context of high controversy. Based on these frameworks, operational questions were composed and utilized as criteria to examine, analyze and discuss the case.

The theoretical framework will be presented in the following chapter II. Chapter III describes the case study as a social research strategy and presents the methods used in this particular case study. Two chapters are devoted to the case: chapter IV gives an overview of the Daishowa pulp mill project as historical background context, and in chapter V, the focus is on the communication issues involved. In the final chapter, the data analyzed in the previous chapter are

discussed and integrated with the theoretical framework presented in chapter II.

The final purpose of this case study is to generate a theory from the investigation of the communication issues raised in the Daishowa operation. The theoretical ideas would help explain or interpret the communication interactions among an organization and its publics. This is not a thesis which attempts to test hypotheses but rather, attempts to contribute to theory from empirical data.

## Chapter II

### Theoretical Framework

This chapter reviews the theories relevant for organizational and communications analysis. The theories examined provide a framework to interpret and discuss the case study presented in a later chapter. First, general systems theory is presented to provide an understanding of the holistic view of an organization and its environment including its stakeholder publics. Second, boundary spanning activities are discussed in conjunction with systems theory. The environment as context for events is examined in more detail, because environmental scanning is indispensable for effective public communications as well as strategic management. Third, issues management is introduced as a new concept which integrates organizational management and communications. It examines the interrelationships between organizations, the public, social issues, and public policies. Socially responsible communications are also discussed as communications activities which enhance a linkage between an organization and its environment. Finally, a framework for looking at the case study is presented.

## I. Systems Theory

Systems theory has been frequently applied to explain the nature and functioning of organizations or other social entities (Bowey, 1972). It also offers a foundation for understanding how organizations relate to their environments (Heath, 1990). There are three concepts which form the core of systems theory: process, boundary, and wholeness (Euske & Roberts, 1987, p.48). These key concepts provide a base for organizational analysis as well as overall organizational communications. Every organization is dependent on its environment and the "process" of its interaction with its external environment is vital for its existence. This process is characterized by a continuous cycle of input, internal transformation (throughout), output, and feedback (Morgan, 1986, p.46). More importantly, the environment not only provides the organizational system with raw materials and information to process and creates markets for outputs, but also has impacts on the goals, decision-making, and operation of the system (Kreps, 1986). The interaction between an organization and its environment is a crucial element within the systems theory framework. Organizations must be flexible and adaptive to meet the changing constraints of the environment, and are thus best understood as participants in ongoing processes rather than as solid collections of parts (Morgan, 1986; Kreps, 1986).

Second, the concept of "boundary" offers another dimension to the relationship between an organization and its environment. Organizations that are very open have more permeable boundaries

than closed ones which restrict the amount of information from the environment (Euske & Roberts, 1987). By managing critical boundaries of interdependence between internal and external systems, organizations can develop strategic responses to critical issues (Morgan, 1986; Kreps, 1986).

The third concept of "wholeness" signifies interdependence; that is, each organization is part of a larger system and is, in turn, composed of smaller subsystems. Those systems are interdependent, that is, an organizational system influences the actions of its subsystems and of the larger system (Euske & Roberts, 1987, p.48). The metaphor of organisms (Morgan, 1986, p.44) is useful to understand the integration of every unit within the organization and its relationship to the outer environment. In defining "the whole organization as a system, the other levels can be understood as subsystems, just as molecules, cells, and organs can be seen as subsystems of a living organism, even though they are complex open systems on their own account" (Morgan, 1986, p.45). This concept of interdependence helps to find ways of managing the interrelationships between critical subsystems and the environment as well as the whole system and its environment (Morgan 1986; Kreps, 1986).

Since systems theory was developed at an abstract level and is difficult to test, it is operationalized through various contingency models. Contingency theories examine the relationships between organizational structures and the environments and contexts in which they exist (Bowey, 1972). The theories focus on how

organizations must adapt if they are to cope effectively with different environmental circumstances (Lawrence & Lorsch, 1967). The environmental contingencies can become both constraints and opportunities that influence internal structures and processes. In other words, contingency theorists claim that the structure of the successful organization is contingent upon the environment in which it exists (Lawrence & Lorsch, 1967). Furthermore, different types of management systems, structures, or policies would be successful under different circumstances, and there is not one best management system, structure or policy that can be prescribed for the success of every organization (Bowey, 1972). Therefore, depending on the nature of the organization and its environment, different approaches should be taken to achieve the best fit (Morgan, 1986).

The population ecology model, originated in biology, examines organizations at the population level of analysis and explains why certain forms or types of organizations survive whereas other types languish and die (Aldrich, 1979). In this model, environments differentially select organizations for survival on the basis of fit between organizational forms and environmental characteristics. Emphasis is placed on environmental selection as the primary process, that is, positively selected organizations survive and reproduce similar others, which then form the starting point for a new round of selection (Scott, 1981). The model is less applicable to individual organizations because its focus is on the "net mortality" (death over births) of populations of organizations (Scott, 1981). The

point here, however, is that organizational adaptation to the environment has significant implications for survival.

Resource dependency theory comprehensively developed by Pfeffer and Salancik (1978) suggests another perspective on the organization-environment relationships. Whereas the population ecology approach stresses selection, the resource dependence model emphasizes adaptation, claiming that individual organizations can act to improve their chances of survival (Scott, 1981). Pfeffer and Salancik (1978) explain that any organizations require resources to survive and in order to acquire resources, organizations must interact with external organizations which control those resources. In that sense, organizations depend on their environments for resources. How important and how scarce the resources are determine the nature and the extent of organizational dependency. However, the point is that organizations are capable of acquiring the necessary resources by changing and adapting to the environment (Scott, 1978). "Resources" can be viewed genetically in this context, as including information and favorable policy or regulatory actions.

The above theories all developed from open systems frameworks explain the relationships between organizations and its environment from different perspectives. Each theory helps organizations which exist in different environments to focus on and develop its specific and particular organization-environment relationship.

## II. Boundary Spanning Activities

With the acceptance of general systems theory as framework, the concept of the external environment has proved increasingly important in organization and management theory (Smircich, 1983). Especially when the focus is on communication activities between an organization and its environment -- which would include its various external publics --, the concept of "boundary" becomes a useful one to help explain the roles of communication practitioners.

Miles (1980) argues that those organization members who occupy organization boundary roles are charged with "the institutional-adaptive" function. The activities under this function include: 1) representing the organization to its external constituencies; 2) scanning and monitoring environmental events; 3) protecting the organization from environmental threats; 4) information processing and gatekeeping; 5) transacting with other organizations for the acquisition of inputs and the disposal of outputs; and 6) linking and coordinating activities between organizations (p. 110). To a certain degree, all organization members are required to perform boundary-spanning functions as part of their regular activities. However, boundary spanners are the specific organization members such as public relations practitioners who perform most of the boundary-spanning activities (Kreps, 1986). The point is that the public relations practitioners as boundary-spanners engage in a greater variety of functions than traditional public relations specialists used to do. For example, as boundary

spanners, public relations specialists are required to manage internal and external communications (Grunig & Grunig, 1989; Cheney & Vibbert, 1987). That is, they would have to integrate internal corporate communications activities, such as house organs, newsletters with reports to stockholders and external communications activities, traditionally labeled as "public relations" with external activities such as environmental scanning. Both internal and external communications are directed at specific publics, either the employees or the outside publics, and both represent the organization to those publics in particular ways (Cheney & Vibbert, 1987).

### III. Public Relations Models

Some contemporary models of public relations have been characterized as "ecological" because they attempted to characterize the establishment of mutually beneficial relationships between the organization and its environment (Everett, 1990, p.235). Everett (1990) proposed a theory of ethnoecology, or the analysis of organizational ecology, to public relations studies. Here, organizations were conceptualized as sociocultural systems that evolve (i.e., develop and change) in response to environmental change (p.241). Its significance is that an ecological view of organizations facilitates organizational change, and the change might induce better organizational adaptation to its environment, the goal of public relations. Public relations can thus be described as "the art

of adjusting organizations to environments and environments to organizations" (Cable & Vibbert, 1985). The ecological nature of "reciprocal change" (Everett, 1990, p.237) between the organization and its environment was recognized as a crucial element for successful public relations.

In a similar vein, Grunig and Hunt (1984) introduced four public relations models which present the history of formal public relations as well as its present practices. These models include: 1) press agency / publicity, 2) public information, 3) two-way asymmetric, and 4) two-way symmetric models. Press agency / publicity describes propagandistic public relations, which seeks no feedback. The public-information model is characterized by practices of transmitting accurate information about the organization but not of volunteering negative information. Feedback is also not an essential element in this model. Both models thus describe one-way practices; an organization gives information about itself to publics but does not seek information or feedback from publics through research or informal methods. Through the two-way asymmetric model, an organization communicates with its publics to identify the messages most likely to produce their support. The organization does not change its behavior as a result of public relations activities; on the contrary, it attempts to change public attitudes and behavior. The fourth model, the two-way symmetric model, presents actual two-way communication channels which link an organization to its publics. It is only this approach which fosters mutual understanding between an organization and its publics and attempts to bring about

changes in the ideas, attitudes, and behaviors of both the organization and its publics (Grunig & Hunt, 1984; Grunig, 1989).

Because of its emphasis on the concept of reciprocal change between organization and environment, the ecological two-way symmetrical model is increasing in importance as a more effective as well as a more responsible approach to public relations (Everett, 1990; Grunig, 1989). The other three models are less desirable because they do not support the presupposition: "Communication leads to understanding" (Grunig, 1989, p. 38). The two-way asymmetrical models and the press-agentry model imply intentions of persuading or manipulating publics (Grunig & Hunt, 1984). The public-information model also has the effect of manipulating publics, although that may not be its intent (Grunig, 1989). However, Grunig and Hunt (1984) maintain that the choice of a public relations model is also contingent upon the nature of the organization's environment. The more dynamic or changing an environment is, the more the organization should use the functions provided by two-way models of public relations. In a static environment, the organization can use either press-agentry and public-information models of public relations (Grunig & Hunt, 1984).

In order to make the two-way symmetrical communication approach really work, an organization needs to have an innovative view of its relationship with its various publics. An untraditional organizational frame to induce effective responses is also necessary. First, it is important to understand that publics are not static but change their status. Grunig and Hunt (1984) maintain that a "latent"

public has not yet detected the problem created by organizational performance. When the group recognizes the problem, it becomes an "aware" public. When the public organizes to discuss and act on the problem it becomes an "active" public (Grunig & Hunt, 1984, p 145). An organization can develop an appropriate public communication strategy for each public.

The public does not necessarily share the same points of view with the organizations or its regulatory agencies. For example, what the corporation views as positive achievements such as economic expansion may appear to others as devastation of natural resources for private gain (Sethi & Votaw, 1973). Sherman and Gismondi (1992) argue that the environmental indicators to monitor the state of the environment, which are being "developed" from the perspective of government or industries, may distort the environmental reality of communities. For example, scientific or technical indicators can present a view from outside the community which fails to grasp the dynamic of local environments. Sherman and Gismondi (1992) suggest that community environmental indicators should be based on local knowledge. Those community indicators represent real, yet difficult to measure, effects on the quality of life for local people (Sherman & Gismondi, 1992).

Communication style is critical. Organizations often try to bargain with the public on the assumption that both parties have something to gain and to lose. Organizations may believe that a bargained compromise can be mutually advantageous. However, quite often, minority and/or community groups believe that they

have nothing to lose and everything to gain. The corporations, therefore, cannot communicate with their own rules and end up accusing the opposing groups of harassment and of making unreasonable demands (Sethi & Votaw, 1973). It is challenging for corporations to be willing, without antagonism, to understand, and discuss with, those groups whose values may not be at all compatible with the corporations' values.

The successful reciprocal two-way symmetric model requires either the participation of the organization's decision-makers in public relations or the involvement of public relations experts in corporate decision making. Fifteen years ago, Sethi (1977) insightfully observed that the role of public relations officers does not just involve information gathering and improvement of the communication process, but also includes making sure that the information relating to social concerns becomes one of the inputs for corporate decision-making (p.322). Today, successful organizations cannot exist without having on hand information about its environment and to plan proactively the organizational strategies for meeting contingencies. This is strategic management. Its fundamental task is to mediate the relationship between the organization and its environment and move the organization toward a better fit. The goal is to align organizational and environmental forces toward a desired state of congruence (Smircich, 1983; Kreps, 1986). It is obvious that strategic management incorporates effective communication strategies which are proactive and strategically planned (Cheney & Vibbert, 1987).

#### IV. Environment

Recent increases in social, economic, and technological changes have induced high levels of complexity, which have led in turn to much greater environmental uncertainty. This environment of "turbulence" (Trist, 1980) is one in which the organization itself and its operating environment are experiencing dissonance. Trist (1980) described turbulence "as if 'the ground' were moving as well as the organizations" (p. 117). In this situation, how to manage uncertainty is crucial in strategic management (Cheney & Vibbert, 1987). Accordingly, boundary-spanning activities such as systematic and continuous environmental scanning is more important than ever as the first step for effective corporate public communications and strategic management. The issues that involve minority groups and destruction of the natural environment are unconventional and complex. Moreover, such issues of the environment and aboriginal groups become more interconnected and produce mutual causality (Trist, 1980). The leadership of organizations need to understand this new environment, including both economic and social contexts, and the motives and the goals of all the parties involved. Unless an organization accurately understands these changes, the risk of damaging corporate interests by inappropriate decisions and responses will be greatly increased (Sethi & Votaw, 1973).

Organizations are not only embedded in a physical-economic environment but are also surrounded by a symbolic environment. This information context defines the organization's identity,

establishes its relationship to other organizations, and guides customers to products and services available (Krippendorff & Eeley, 1986). There are instances when an environment can be symbolically enacted. Referring to the energy crisis in 1973 in the United States, Smircich (1983) commented that the energy crisis was a linguistic symbol used metaphorically to divert attention from the role of oil companies and the government in creating policies that led to increased reliance on petroleum imports. The rhetoric effect of the word "crisis" gave the impression that the energy problem was unrecognized prior to 1973. An analysis of this period illustrated how policy makers and managers created social reality through such symbols as the energy crisis (Smircich, 1983, p. 231). This analysis points out the importance of language in creating a symbolic environment.

In the symbolic environment, public relations practitioners as boundary spanners are engaged in rhetorical and symbolic functions. They are continually involved in making symbolic connections between organizations and environment (Cheney & Dionisopoulos, 1989). For example, the representational function of boundary roles is to present the image of the organization to the public; that is, to create impressions that will lead to the enhancement of the organization's place in its environment (Miles, 1980).

Cheney and Vibbert (1987) suggested four key terms: images, issue, identity, and value for discussing corporate public communication activities in this context. They explain that corporate boundary spanners attempt to control the ways in which these key

concepts are discussed in public communications. These four terms are interrelated. Issues are focal points in public discourse, issues point to values, values often become issues, the discussion of issues affects images, such changes are likely to effect identities, and so forth. What is stressed is that these connections are possible because of the power of words or language. An issue is not an issue until it is talked about and labeled as such; an identity composed of words becomes "what it is" through symbolic means, though it is of course grounded in physical things (Cheney & Vibbert, 1987). Cheney and Vibbert (1987) concluded: "because of the creative and evocative power of language, the very 'essence' and 'boundaries' of the organization are things to be managed symbolically" (p.176).

For example, Phillips Petroleum adopted an image-building rhetorical campaign that bridged the organization with its public. The advertising included Phillips's production of a blood filter for use by kidney patients and research in plastics which led to a shatterproof highway barrier. This approach emphasized values that were shared by their consumers: innovation, research, and technological discovery, especially in health and safety. Even if Phillips did not concentrate on consumer-available products, their campaign of imagery functioned to bolster the company's public standing in the process (Cheney & Vibbert, 1987). Such rhetorical functions of corporate communication are fundamental to adjusting the relationships between the organization and its publics. It eventually locates the corporation in the domain of public discourse (Cheney & Vibbert, 1987; Cheney & Dionisopoulos, 1989).

In this symbolic environment, the media exerts an important role in influencing the effectiveness of an organization's public communication activities because information generated by an organization rarely reaches the public directly; rather, it is channeled through various communications media. The mass media are seen as providing the interface between the organization and its public (Krippendorff & Eleey, 1986). Sethi (1977) explains that the overall goal of the news media may be simply stated as informing people about the events in the physical, socio-economic, political, and cultural environment; however, the operational specifics of this goal vary widely. For example, it varies according to different audiences (local, regional and national) and to degrees of competitive conditions where the organization may be operating.

The following comment by Sethi (1977) underlines the media's substantial influence on an organization's attempt to create and manage favorable symbolic linkages with the public.

News media are not merely vehicles of communication but have agendas of their own, and these are imprinted on the news they carry, giving it a distinctive character and emphasis not inherent in the content itself (p.77).

## **V. Issues Management**

In this post-industrial society, it is becoming obvious that business is not just an economic institution that solely promotes economic values; it is also a social institution that creates or destroys

social values (Buchholz, 1988). Buchholz (1988) claims that the environment within which businesses function is composed of two major sociopolitical processes: the market system and the public policy process (p.50). As a key to organizational prosperity and effectiveness in the coming century, corporations must take affirmative action, that is, adjust their internal values to the changing social values in the public policy arena (Buchholz, 1988; Crable & Vibbert, 1985). The new corporate strategies to accomplish this goal are called "issues management". Issues management is significant because it is not only a communication activity but a management activity with a communication option (Heath, 1990).

An issue is created when one or more human agents attach significance to a situation or perceive a "problem" (Crable & Vibbert, 1985, p.5). Grunig and Hunt (1984) claim that "consequences create publics" (p.144). When people detect the "consequences" of the organization and its related problems, they become members of a "public". Thus, without "consequences", publics don't exist and the presence of publics, in turn, creates public issues for the organization (Grunig & Hunt, 1984, p.144). Public issues emerge "when there is a public with problems that demand some kind of collective action and when there is public disagreement over the best solutions to the problems" (Buchholz, 1988, p.54). A gap between public expectations and institutional performance could be a factor, if not the main cause, for the emergence of public issues. Gaps often occur because of value changes in our society -- the rise of 'environmentalism' is an

example-- or of the corporation's operation against existing values (Buchholz, 1988).

Public issues have a "life cycle" in terms of influencing public policy (Crable & Vibbert, 1985, p.5). Issues move from the first phase, a "potential" status, to an "imminent" status when the potential of the issue has been accepted by others. An issue in the third phase, the "current" status, is diffused to the larger number of publics through the media. When the issue becomes current, it has reached the public "agenda". At the fourth stage, the issue becomes "critical" and some policy decision is demanded. When issues are resolved, they are called "dormant" because public issues are never fully "solved"; they maintain their potential to become imminent or current issues (Crable & Vibbert, 1985, p.5-6). The systematic monitoring of the environment allows the organization to understand the dynamics of public influence well enough to take corrective actions in different situations (Heath, 1990; Heath & Nelson, 1986).

Jones and Chase (1979) introduced three basic strategies of issues management: the reactive, adaptive, and dynamic strategies. The reactive approach describes organizations which wait until an issue reaches critical status, at which point a decision is demanded, and then it responds to the newly chosen policy. Using the adaptive strategy, organizations are open and adjust to changes, and attempt to compromise or propose alternatives for issues on either current or critical status. With a dynamic strategy, organizations attempt to anticipate change when issues are still on imminent status, and initiate some actions to accommodate change with desirable policies

(Jones & Chase, 1979). It is important for organizations to build strategies relevant to the particular stage of the public issue's life cycle for an effective outcome.

The issues management approach has not been without its critics. Crable and Vibbert (1985), for example, introduced the notion of the "catalytic" strategy which would replace the existing strategies which they thought were defensive. Crable and Vibbert (1985) claim that all three strategies, even the dynamic strategy, are not initiated until the public agenda has been set or are about to be set by others and do not begin much earlier in the issues management process. On the other hand, the catalytic approach urges organizations to take the offensive (not the defensive) and to engage in affirmative (not negative) action. This puts organizations in the position of initiating rather than reacting to policy discussion. What the organization would wish to see on the agenda is more important than what is already on the public agenda. Thus, the catalytic model starts with the situation assessment for both the organization and the environment, followed by goal establishment. Then, according to the life cycle of the issue, the organization attempts to influence the public, media, and government in directions favorable to the organization (Crable & Vibbert, 1985, p.11). One might add that in order to make this a truly two-way process, the organization has to have the capacity to be flexible and to adapt to public demands.

The dynamics of the public policy process are demonstrated by the framework suggested by Manheim and Pratt (1986). It was

originally derived from a model used in studies of persuasive political communication. The model identifies three separate agents of interest in the formation of policies: those of the media, the public, and the makers of public policy. Each has its own internal dynamic and each interacts with the other two (Manheim & Pratt, 1986, p.12). For example, the public which might be influenced by the media agenda, eventually could influence the making of policy; the public could also influence the organization by influencing the media agenda. The media in this case work as a mediating channel between the organization and the public.

Jones and Chase (1979) claim that within the public policy process, the public, the organization, and the government are the three decision-making groups and the public policy process is determined by an interplay of these three groups. However, Crable and Vibbert (1985) clarified the misunderstanding about the relationship between issues management and public policy. In terms of establishing guidelines and enacting laws, the public and business organizations do not have authority. What they do have is influence over public policy, and that influence affects the authority of government to bring about policy that is favorable to the organization. Issues management can permit an organization with no actual authority, to influence public policy before they become policies (emphasis added. Crable & Vibbert, 1985, p.4).

Heath (1990) claims that the mission of issues management is to create a harmonious partnership with a variety of stakeholders in the organization's activities. Thus it is necessary to have a global

view of the relationship between an organization and its environment (p.41). Heath (1990) proposes that organizations communicate regularly and thoroughly with key external interest groups to give them an accurate understanding of corporate operations and policies. The information provided by the organization should be directed at reducing uncertainty on the part of its publics. Further, by communicating with its various publics, organizations are expected to modify their perceptions, ideologies, beliefs, attitudes, understanding, and policy standards or priorities to achieve favorable public policy (Heath, 1990). This information approach is based on the rationale that mutual understanding can foster trust. In this way, both parties have pertinent information about one another which can contribute to settling mutual differences and reaching a satisfactory solution (Heath & Nelson, 1986). Issues management is not just adjusting to feedback reactively or intervening in the issues in the early stages proactively, but achieving a pattern of influences flowing from and into the organizational "dynamic interchange" (Heath, 1990, p.45-46). What is focused on here is the two-way communication process whereby organizations participate as listeners and advocates in social dialogue on vital issues (Heath, 1990).

This function of issues management is better understood through one of the principles of general systems theory. An organization is a subsystem of a larger system which consists of other subsystems such as the government, publics, and other organizations, which are separate but interdependent entities. A

subsystem achieves meaning only within the context of a larger system (Votaw & Sethi, 1973). This perspective of systems theory suggests it is incorrect to assume that issues management is only needed to deal with specific interest groups or to sway public policies in favor of the organization (Heath, 1990). Once a system-wide view replaces the narrow producer-consumer view, the values of the whole system can become part of the value set of the subsystem (Votaw & Sethi, 1973). The requisites are the collaboration of interest groups, the identification of shared values, continuous learning, and continuous evaluation and modification of the system (Trist, 1980). It is an open-ended unfolding process which leads to a real congruence between an organization and its environment.

## **VI. Social Responsibility Communication**

If issues management is based on trust between an organization and its publics, then social responsibility will be the key to enhance the positive linkage between the organization and its publics. Heath and Nelson (1986) claim that there is a profound distinction between legal and ethical behavior, and only insensitive managements could claim their behavior to be legal when it violated public expectations of trust and morality.

Environmental risk communication is a good example of socially responsible communication. It is crucial how effectively an organization communicates potential risks associated with the industrial project to the publics concerned. The credibility gap which

exists between industry/government and the public/environmentalists is a major obstacle for environmental risk communication. A credibility gap arises when there is an apparent lack of accountability between what is said by industry or government in the environmental debate and its actions in real life (Krupar & Krupar, 1989). Scientific information is especially critical because many environmental issues are new and risk estimates are inherently uncertain. Various, sometimes conflicting, risk information is communicated from several sources, in many forms (from literal to symbolic forms; from print to television), in contrast to a simple sender/receiver interaction model (Krimsky & Plough, 1988). Moreover, scientific information is often very technical and can be used to support conflicting points of view, such as the views of industries and of environmental groups (Krupar & Krupar, 1989; Sherman & Gismondi, 1992). Krimsky and Plough (1988) emphasize the importance of understanding the two competing models for the interpretation of risk information: one is technical and the other is cultural. Technical views of risks are based on scientific rationality, while the cultural view reflects the values of local communities.

The accelerating controversy between industry and the public will affect the overall operation of industries. Votaw (1973) observed:

The needs, demands and pressures of society can be communicated to business in a nonmandatory fashion at first, leaving room for response through the mechanisms of social responsibility. If the response is inadequate, inappropriate, or

not forthcoming, society may communicate its wishes in the form of mandates (p.23).

These mandates are often in the form of public policies. It means that profitability and the freedom of business activities in North American society are affected and shaped by the nature of public policies. Fundamentally, the publics which have great influence on the formation of public policies can control business activities. For example, environmental groups in the U.S. concerned about the spotted owl whose habitat was affected by logging, successfully lobbied for environmental protection of the birds' habitat. Their action significantly limited the extent of logging activity in the northwest.

It is clear the organization needs a communication link-- a public communications function-- to show what it has done to be responsible (Grunig & Hunt, 1984). Socially responsible actions not only maximize the interest of all stakeholders but, by enhancing the legitimacy of a corporation's social and political position, may also further its overall profits (Manheim & Pratt, 1986; Heath, 1990).

Therefore, taking proactive socially responsible action has been recommended in order to receive more positive treatment by the media, more support from the public, and responsiveness at the policy level (Manheim & Pratt, 1986). Socially responsible policies, communicated through effective communication strategies, may counter the negative public view regarding corporate activities. However, communication alone usually cannot solve problems if corporate behavior differs significantly from public standards (Heath

& Nelson, 1986). The goal of social responsibility is to achieve credibility through responsible social action. In the end, society is the ultimate judge of whether social action has been responsible (Votaw, 1973).

Socially responsible activities are a significant element of issues management. The experience of Nestle, a multinational food company, is illustrative here. Its infant formula was marketed in less developed nations in the 1970s to 1980s. This case exemplified the true meaning of issues management as it brought together into one arena activists, industry members, the media, federal authorities, foreign governments, and the World Health Organization (WHO) officials (Heath & Nelson, 1986).

Extensive industry-wide product advertising showed only positive images of bottlefed babies. Milk substitutes then became increasingly popular in less developed nations in the 1960s, despite some health and nutrition problems among children caused by low standards of sanitation and the difficulty of getting clean water. The North American public, however, did not learn about the problem until 1974, through a series of articles in the media and a pamphlet. Since then, the publicity and the formation of pressure groups increased tremendously. In mid-1977, the Infant Formula Action Coalition (INFACT) began its boycott of Nestle products. The boycott involved foreign governments to combat Nestle's overseas sales efforts. Because the Reagan administration did not support the boycott, the boycott targeted Nestle's U.S. operations, even though the company did not produce or market infant formula in this

country. By then, the management of Nestle belatedly recognized the high cost in public image and sales was unacceptable and revised its approach. It was not easy for Nestle to implement an issues management approach within the company; it was a difficult task to convince management to change corporate policy. However, induced by the public criticism and interest agitation, Nestle responded to the controversy in several ways: reducing mass media advertising, drafting a "Recommended UN Code for Marketing Infant Formula" and translating it into company activities with the help of the Nestle Infant Formula Audit Commission (NIFAC). Once Nestle initiated this approach and convinced the public of its sincerity, the boycott eased and today, the company stands as a model of corporate responsibility (Heath & Nelson, 1986, p.155-159). One could argue, however, that this was an example of a reactive management strategy. This case shows that successful issues management is based on a corporation's long-term social responsibilities.

## VII. Summary and Implications for the Case Study

Systems theory suggests an interdependent relationship between an organization and its environment. Three concepts of systems theory -- process, boundary (permeability, openness), and wholeness (interdependence) -- are useful to describe the organization's interaction with its environment. Contingency theories based on systems theory suggest that an organization should be flexible in order to achieve the best fit within its environment.

Therefore, monitoring and scanning the environment are emphasized as key activities within the systems theory and contingency theory approaches.

Based on systems theory as a framework, an organization's boundary spanning roles and activities have increased in importance. Boundary spanners, as corporate public communications specialists, engage in primary communications activities which are crucial to maintaining the successful relationship between an organization and its environment. The ecological models of public relations represent the ideal fit between an organization and its environment. Grunig & Hunt's two-way symmetric communications approach is a good example of this. The fundamental condition of two-way symmetric communications is the reciprocal exchange between an organization and its environment. The approach, which requires careful environment-monitoring, enables an organization to manage environmental uncertainty. Because an organization is embedded in a symbolic environment as well, it is also important to manage rhetoric and language aspects of the environment.

The mission of issues management is to ultimately influence, as well as be responsive, to public policy and public opinion via the organization's communication function. It is essential for an organization to be proactive in the public policy process, thus an organization should be sensitive to the events and changes occurring in its environment. An organization also needs to continuously compare its own activities with the needs of the public, to exercise social responsibility, to achieve congruence between itself and its

environment. Issues management integrates external communication disciplines such as public relations, marketing, advertising, and the like and, at a higher level, shapes strategic planning into a comprehensive long-term program.

Based on the theoretical framework presented in this chapter, four primary questions will be addressed in exploring the communication issues in the case study:

1) Were there sufficient environmental monitoring strategies which provide the information base needed to plan and carry out proactive communication strategies ?

Did the company understand its publics ?

2) Were there sufficient, appropriate, and timely communications with all the groups concerned from the beginning ?

3) What communication efforts were designed to address environmental risks ?

4) Was there sufficient understanding of the company's image ?

What communication strategies were used to deal with these communication issues ?

### Chapter III

#### Methodology

This chapter addresses the use of a case study as a research strategy, describes the qualitative research methods that are appropriate for a case study, and the actual methods that were used in this study of Daishowa's public communication activities.

A Note on Access. Normally, it is difficult for researchers to have access to materials on an issue such as this. Quite often, it is because corporations are reluctant to allow access. In this case study, access to key people, to documents, and to the company was not only essential but critical. The author was able to gain access to materials in this case and to various individuals, especially corporation officials, because of assistance from the Consulate General of Japan, in Edmonton.

#### I. The Case Study Approach

The case study is a research strategy for social science, similar to other strategies that make use of experiments, surveys, case histories, and the analysis of archival information. Each research strategy has its advantages and disadvantages for exploratory, descriptive, or explanatory purposes (Yin, 1989).

The case study strategy may be distinguished from other strategies by several features. A case study is an empirical inquiry that addresses 1) mainly “how” and “why” questions, 2) a contemporary phenomenon within its real-life context, 3) and occurs under conditions over which the investigator has little or no control.

Multiple sources of evidence such as documents, artifacts, interviews, and observations, etc. are used (Yin, 1989). The case study allows researchers to build theories by understanding the present dynamics of social interaction within single settings (Eisenhardt, 1989, p.534). Developing theory is the main objective for generalizations that result in the final stage of case studies. This “analytic generalization” (Yin, 1989, p.21) is to compare previously developed theory as a template with the empirical results of the case study. A theoretical framework is essential for the whole procedure of case studies. Theoretical propositions can provide guidance to decide what data to collect and the strategy for analysis (Yin, 1989).

Glaser and Strauss (1967) called the discovery of theory from data which were systematically obtained and analyzed in social research “grounded theory” (p.1). The process of grounded theory is described as beginning with an area of study and deriving the most appropriate theories from that study (Strauss & Corbin, 1990). However, to develop theory in an inductive way, researchers are required to examine the empirical social world with a systematic set of procedures composed of analytical, descriptive and in-depth methods (Strauss & Corbin, 1990; Eisenhardt, 1989; Filstead, 1972). Glaser and Strauss (1967) suggest comparative analysis as a major

strategy to generate grounded theory. By comparing whether the facts are similar or different, one can generate properties of categories that increase the categories' generality and explanatory process. Grounded theory can be complex, thus lacking simplicity; or it can be narrow and lacking generality. It is, thus, necessary for researchers to maintain theoretical guidelines during the research and theory-building stages (Eisenhardt, 1989). Both case studies and grounded theory approaches need theoretical propositions as guidelines throughout the whole process.

## **II. Qualitative Research**

Qualitative methodology is an approach to understanding the complexity of the empirical social world which is composed of various attitudinal, situational, and environmental factors (Filstead, 1972). The case study approach and grounded theory typically use qualitative research methods (Strauss & Corbin 1990, et al.), even though qualitative research does not always produce case studies, nor are case studies always conducted by qualitative methods (Yin, 1989). Qualitative researchers are most interested in how human beings behave and make sense of their surroundings. They investigate symbols, rituals, social structures, social roles, and they like to understand human behaviors and their social interactions (Berg, 1989). Qualitative procedures provide a means of accessing facts and phenomena that are difficult to convey with quantitative methods (Strauss & Corbin, 1990). Quantitative methods are rigidly

structured and use highly quantified techniques, because their purpose is to empirically test hypotheses that have been constructed from existing theories (Filstead, 1972).

Qualitative research refers to any kind of research that gathers data not by means of statistical procedures or other means of quantification. Qualitative research signifies "a non-mathematical analytic procedure" (Strauss & Corbin, 1990, p.18), and it includes a variety of methods such as participant-observations, in-depth interviews, field work (direct observation), and analysis of documents and archival records (Filstead, 1972; Strauss & Corbin, 1990; Yin, 1989). These methods allow the researcher to get close to the data (Filstead, 1972) and to understand other people's perceptions and to explore how people structure and give meaning to their daily lives (Berg, 1989). The point is that these methods are not used independently, but rather, are used in conjunction with other sources of information. Using multiple sources of information increases the validity of the case study. "Only when all the evidence produce a consistent picture can the research team be satisfied that a particular event had actually occurred in a certain manner" (Yin, 1989, p.86).

The quality of research design is judged according to logical tests such as validity and reliability (Yin, 1989). Validity refers to "the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration" (Babbie, 1989, p.124). Yin (1989) listed logical tests to judge the quality of qualitative research design, including the following: 1) construct

validity. This involves developing a sufficiently operational set of measures to avoid subjective judgements and these measures are used to collect the data. 2) internal validity. This means attempting to establish causal patterns among the data. 3) external validity. This refers to establishing the domain to which a study's findings can be generalized beyond the immediate case study (p.41). Strategies to deal with these tests include using multiple sources of evidence, establishing the chain of evidence, and doing pattern-matching of the data. Researchers should be alert for validity problems throughout the entire case study, from research design, data collection to data analysis (Yin, 1989). Concern over data reliability is also significant in qualitative studies (Filstead, 1972). The goal of reliability is to minimize the errors and biases in a study. Researchers using qualitative methods need to constantly substantiate the reliability of their qualitative methodological procedures.

### III. Methods Used in this Case Study

In this case study, multiple sources of evidence were used through qualitative research methods: 1) analysis of documents including media coverage and archival records, and 2) interviews. Those two were selected as the most relevant for this case study.

### Analysis of documents

Document collection and analysis covered a variety of information sources to cross-check the accuracy of evidence and events. Documents included:

1) "Environmental Assessment Report" produced in 1987 by H.A. Simons Ltd., on the request of Daishowa for the project feasibility study. This document provides an overview of the Daishowa pulp mill project including some assessment of the environmental, economic and social impacts of the project on the region. Its "Addendum Report" comprises minutes of public hearings held at various places during the project study and describes a part of Daishowa's communication effort. The "Environmental Assessment Report" was complete with two "Supplemental Information Reports" produced at a later stage, according to the inquiries for the original report.

2) Keynote speeches given by Tom Hamaoka, Vice President of Daishowa in October, 1991 and by James P. Morrison, General Manager of Daishowa Edmonton Office in March, 1992. These speeches describe Daishowa's operational principles and their views on the interests of the publics. Several letters and attached documents from Daishowa to governments and representatives of interest groups, fill in some communication gaps.

3) Administrative documents including the Forest Management Agreement, and other internal and external documents such as the terms of reference for the Public Advisory Committee, brochures of the company, and news releases.

4) Newsclippings, mainly from the local weekly newspaper of the town of Peace River, the *Record Gazette* and a city paper, the *Edmonton Journal*. These were supplemented by articles appearing in the mass media. Specifically, the *Record Gazette* was examined from June, 1987 to January, 1992. The analysis of media coverage helped the researcher to trace the history of events of the Daishowa project and to gain some insights, however unsystematic, to public opinion regarding the project.

### Interviews

The main purpose of the interviews was to gain insight into communication issues from the perspectives of the different interest groups, the media, and the corporation itself. Interviews were conducted with people who played key roles in communication efforts between Daishowa and interest groups, and those who have an understanding of the events. Interviewees included Daishowa corporate officials, government officials, representatives of environmental groups, and journalists. The interviews were semi-structured, with the researcher preparing a list of questions for each interviewee but allowing for flexibility. Through the interviews conducted at an early stage, the researcher also constructed some

propositions as base for further inquiry. Each interview was conducted face-to-face and tape recorded except those conducted by telephone. Table 1 describes the interviews conducted, including the names and titles of interviewees, and the date and place of the interviews conducted.

The topical areas covered in the interviews included a diverse range of subjects. Questions posed to company representatives covered such topics as the company's recognition of communication problems with special interests groups, their communication strategies for these groups, the company's position toward the Lubicon band, whose land claims gained much public prominence, and their evaluation of the company's community relations and media relations.

Questions to environmentalists focused on issues such as the difference of opinions between environmentalists and Daishowa and an evaluation of Daishowa's communication activities regarding environmental risks. Also, interviewees were asked to suggest any conditions under which a pulp mill company might be able to work with an environmental group.

The questions posed to the community leader mainly covered such things as the impact of the project on the town, an evaluation of Daishowa's community relations activities and its environmental risk communication efforts.

For the media, the questions focused on how media representatives perceive the Daishowa project and its related communication problems. Also, their views about the aspects of the

Table 1. List of interviewees

	Name/Title	Date/Place
<b>Daishowa:</b>	James P. Morrison General Manager, Edmonton Office	March 20, 1992 Edmonton
	Wayne Crouse Communication Coordinator Peace River Pulp Mill Division	May 8, 1992 Peace River
	Stu Dornbierer Human Resources Manager Peace River Pulp Mill Division	August 10, 1992 Telephone Interview
<b>Community Leader:</b>	Michael Procter Mayor, Town of Peace River	May 8, 1992 Peace River
<b>Environmental groups:</b>	Paul Armstrong Board member, Northern Light	May 1, 1992 Calgary
	John Sheehan Chairman, Friends of the Peace	May 9, 1992 Peace River
<b>Media:</b>	Fred Rinne Editor, the <i>Record-Gazette</i>	May 8, 1992 Peace River
	Erin Ellis Staff writer, the <i>Edmonton Journal</i>	May 11, 1992 Edmonton
<b>Others:</b>	An official (anonymous) Alberta Government, Native Services	March 19, 1992 Edmonton
	S. J. Igarashi Executive Advisor, Consulate General of Japan, & Ex-consultant, Native Affairs Secretariat, Government of Alberta (1984-1988)	May 10, 1992 Edmonton
	Dave Hubert Chairman, Edmonton Recycling Society & Director, Mennonite Central Committee	May 11, 1992 Edmonton

project they considered important for their readers to understand were explored.

Other interviewees who have considerable understanding about the Daishowa project such as a Consulate General of Japan official, were asked about their opinions on the impact of the project on the area and the controversies generated by the project, from a third-party point of view.

#### IV. Summary

This case study was conducted by using multiple qualitative methodologies. The intended purpose was to analyze the case, using a grounded theory approach and inductively contribute to theory development. Both the case study and grounded theory strategies emphasize the importance of having a theoretical framework as the basis for collecting and analyzing the data, and generalizing the data to formulate a theory. The previous chapter described the theoretical framework for this case study which was constructed from a review of literature on the subject.

## Chapter IV

### Background of the Case

The first part of this chapter is an overview of Daishowa Canada Co. Ltd. and its pulp mill project. Second, the social context of the Daishowa pulp mill in terms of environmentalism is described, followed by a historical overview. The overview of the company and the pulp mill project in Alberta has been summarized from Simons (1987a), Daishowa Canada (August, 1989; 1991) and Hamaoka (1991).

#### I. Overview of Daishowa Canada Co. Ltd. and the Project

##### **Daishowa Canada and its parent company in Japan**

Daishowa Canada Co. Ltd. (Daishowa Canada) is a wholly owned subsidiary of Daishowa Paper Mfg. Co. Ltd. of Japan (Daishowa Paper). Daishowa Paper was established in 1938 and operates five pulp and paper mills in Japan with a total of 5,000 employees. Total annual production is 2.2 million tonnes of paper and paperboard, and sales exceed \$3.0 billion Canadian. Daishowa Paper, with 2 per cent of the world's paper and paperboard production capacity, supplies 10 per cent of Japan's requirements. The company has expanded its operation to include Australia, the United States and especially Canada (Simons, 1987a).

## Operations in Canada

In 1972 Daishowa Paper, with Marubeni (a Japanese trading company), started Cariboo Pulp & Paper Company in Quesnel, British Columbia, as a joint venture with a Canadian partner, Weldwood of Canada Ltd. This bleached softwood kraft pulp mill employs 400.

Five years later, a subsidiary, Daishowa Canada, was established with a head office in Vancouver, British Columbia, to purchase and export North American pulp and local wood chips to Japan and to pursue opportunities to manufacture pulp in Canada. In 1979, the company entered a 50:50 joint venture with West Fraser Timber Co. Ltd. to construct and operate Quesnel River Pulp Company at Quesnel, British Columbia. In 1988 Daishowa extended its operations into eastern Canada, adding newsprint production, by acquiring North American Paper Group of Reed International in Quebec City. The Peace River Pulp Mill is the largest new capital project of Daishowa Paper in Canada (Simons, 1987a; Daishowa, August, 1989).

Daishowa Canada has its Canadian corporate office in Vancouver and a subsidiary office in Edmonton. Mr. Tom Hamaoka, Vice president and General manager, heads up the Canadian operation and is responsible for overall public relations. The Edmonton office was established for the purpose of managing governments and supplier liaisons in the Edmonton area, and public relations outside the community of Peace River. The Peace River pulp mill division has a coordinator in charge of community and internal communications. Both the Edmonton office and the Peace

River pulp mill division report to the Vancouver office which reports to the Japanese parent company (Crouse, 1992; Morrison, 1992b).

## **The Peace River Pulp Mill of Daishowa Canada**

### Project Overview

The Peace River Pulp Mill is a bleached kraft pulp mill, producing market pulp from hardwoods and softwoods of the Peace River Region in northern Alberta, Canada. Located 16 kilometers north of the Town of Peace River and on a riverside terrace on the west bank of the river, the mill occupies an area of approximately 3 square kilometers.

A proposal project was submitted to the Alberta government by Daishowa Canada in summer 1987. After a feasibility study the project was approved by the government and construction started the following summer. Two years later, in July 1990, the pulp mill began operation.

After about a year of adjustment the mill came very close to achieving the production target<sup>1</sup> in July and September of 1991. The pulp product is used for both internal consumption in Daishowa Paper's mills in Japan and for sale in the domestic and international market (Hamaoka, 1991; Daishowa, 1991).

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<sup>1</sup> The mill was designed for an average daily production rate of 960 air dried metric tonnes (ADMT--air dried pulp contains 10% moisture) of pulp. This would consist of either 1,000 ADMT per day of hardwood BKP (Bleached Kraft Pulp) or 900 ADMT per day of softwood BKP (Simons, 1987a).

Kraft pulp mills: approximately 70% of the world's pulp is produced by the kraft process which has a number of desirable features. It can use all species of hardwoods and softwoods, produces a strong product that can be bleached economically to a high degree of brightness. By recovering and reusing chemicals through an integrated process the process is energy-efficient. Up to 85 per cent of the pulp mill's energy needs are generated from wood yard operations and waste materials, maximizing self-sufficiency and minimizing waste-disposal. Purchases of electricity (1%) and natural gas (15%) make up the balance of energy needs (Simons, 1987a).

The Peace River Pulp Mill, in design, construction, and operation, must comply with all government environmental regulations and standards. The main deficiency of the kraft process is its characteristic odor. With the design of new digesters, evaporators and recovery furnaces, the emission of odors has been greatly reduced in modern kraft pulp mills (Simons, 1987a).

Wood supply: The fibre source is local hardwoods, primarily two species of poplar, Trembling Aspen and Balsam Poplar. To secure the supply of wood to the mill, Daishowa Canada entered into a Forest Management Agreement with the government of Alberta. Under the terms, Daishowa has tenure for at least 20 years over a Forest Management Area that covers about 40,000 square kilometers (4 million hectares) of land northeast and northwest of the Town of Peace River. About 2.5 million hectares of the Forest Management area is dedicated to supplying the existing pulp mill. The remaining

1.5 million hectares of the land base would be allocated to expansion. Under the agreement, Daishowa would maintain a complete forest inventory, provide a detailed management plan, develop annual logging plans and logging roads and be responsible for reforestation (Daishowa, 1991).

Additional hardwood is purchased from local independent suppliers. Softwood kraft pulp is produced totally from sawmill residuals, the species being mainly White Spruce. Softwood fibre (chips) is procured from neighboring sawmills (Simons, 1987a; Daishowa, 1991).

#### Economic and Community Impact on the Region

The region selected for Daishowa's environmental assessment report (Figure 1) was based on environmental, economic and social impact considerations. However, for economic and community impact assessment, Daishowa identified a smaller region around the town of Peace River, including the towns of Manning and Grimshaw, the villages of Berwyn and Nampa, and the Metis settlement of Paddle Prairie at its northern limit (Simons, 1987a).

Capital investment for the total project was estimated at \$550 million over the three year period, 1988 to 1990 (Daishowa, August 1989). Actual costs added up to \$630 million including interest for construction, land, working capital, studies and start-up (Hamaoka, 1991). Of \$630 million, about \$580 million was spent on construction services, material and equipment. Close to \$330 million (57%) of this amount was spent in Alberta and locally (Hamaoka, 1991).

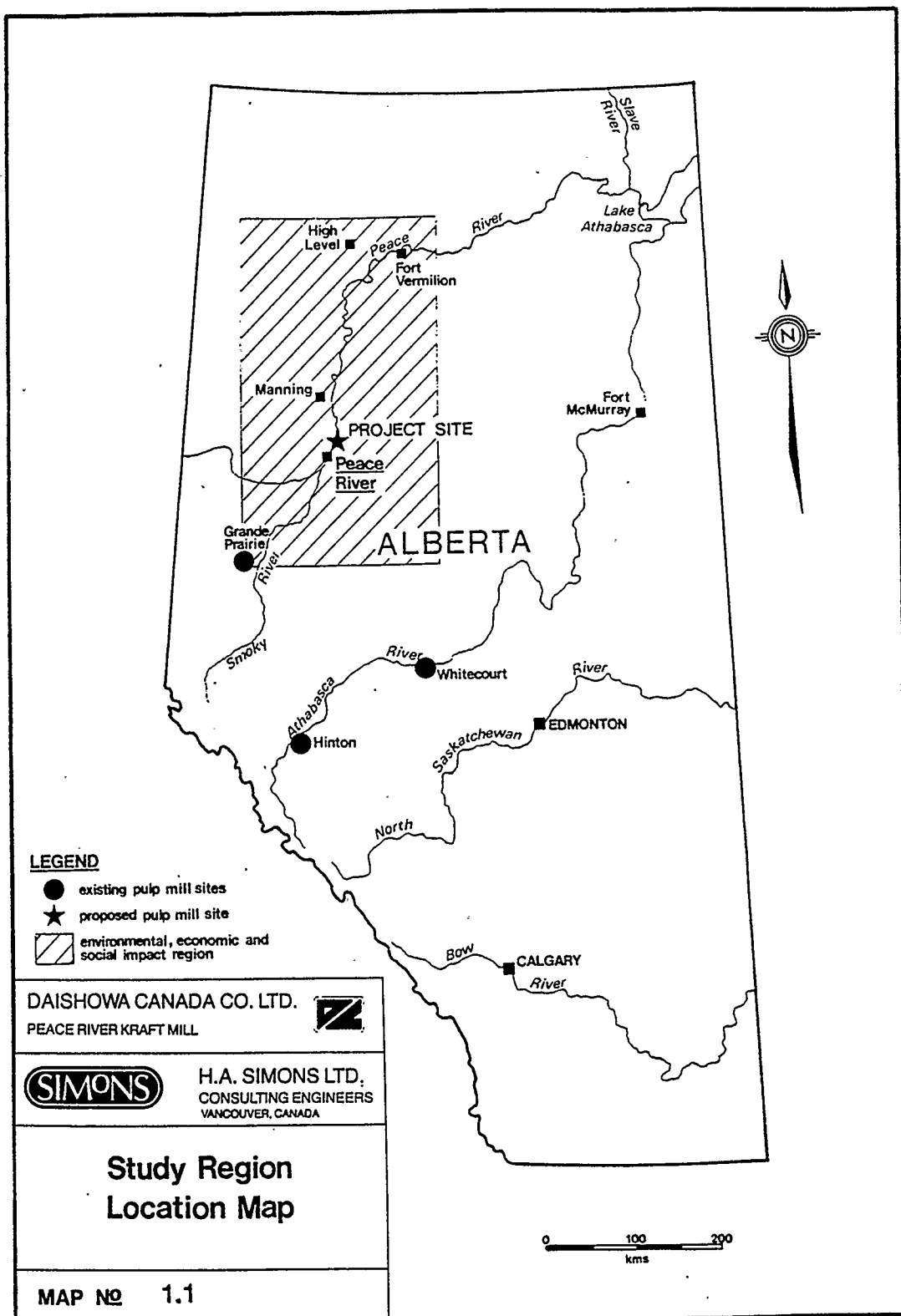


Figure 1: The area which has environmental, economic and social impacts from Daishowa project. Source: Simons (1987a, p.1-6)

Provincial expenditures from pulp mill operations were estimated at \$95 million annually, of which \$60 to \$65 million were projected as regional expenditures (Simons, 1987a).

The construction and operation of the mill had two employment impacts. Construction employment was expected to reach 650 workers in the fall of 1988, rising to 1,400 in early 1990, with \$60 million for total wages. The operation of the pulp mill was projected to employ 300 with an annual payroll of \$12 million. To supply wood to the mill, an additional 300 person-years of employment<sup>1</sup> was approximated with an annual payroll of about \$10 million (Simons, 1987a). Employment by the mill (total 600) and associated incomes generated from mill and wood supply operations were expected to create 470 indirect jobs in the main impact region by the end of 1991 (Simons, 1987a).

In March 1992, the Daishowa mill had 320 employees and an additional 55 contract employees. About half the work force was hired from the Peace River region, about two thirds from the province of Alberta and the remaining third from outside the province (Morrison, 1992a). In addition to the jobs at the mill, up to 350 jobs have been provided by independent contractors in the woodlands, log and chip transportation, including a logging company owned by local aboriginal people (Morrison, 1992a).

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<sup>1</sup> It was mentioned in the Environmental Assessment Report that those jobs such as harvesting and hauling the logs chips would not be new jobs. The people who have already been employed on a seasonal basis would extend the duration of their work period (Simons, 1987a).

It was assumed that residents of the region would fill 25% of the direct jobs and 30% of the indirect jobs and the balance would be filled by persons moving to the region, described as in-migrants. The total population increase in the region resulting from the in-migrant workers was estimated at 2,030 in the main impact area, bringing the regional population to about 22,770 in 1991 (Simons, 1987a).

However, the town of Peace River did not grow as expected. A downturn in the petroleum industry with a loss of 200 jobs in oil service companies and the failure of a grocery wholesaler largely offset the effect of 300 jobs created at the Daishowa pulp mill. Consequently, instead of a 26% increase to 8,000, the town population grew by about 9%, from 6,350 to 6,700 (Procter, 1992).

## **II. Context of the Project**

### **Northern Alberta**

Northern Alberta has a comparative disadvantage in the development of large scale manufacturing industry because of distance from major markets. Thus, the mainstream of the northern Alberta economy has been based on oil, natural gas, agriculture, and forestry (Co-West Associates, 1981; Simons, 1987a).

Approximately 60% of Alberta is covered by forest, mostly located in northern Alberta. In the early 1980s, a study indicated that the largest economic potential for forestry development could be realized if a use could be found for the abundant supply of deciduous wood, the poplar (Co-West Associates, 1981). The Alberta

government established the Forest Industry Development Division in 1986 to promote greater development of Alberta's huge timber resources (Alberta, Forestry, Lands and Wildlife, 1988).

### **Pulp mills and environmentalism**

Pulp mills have to be discussed in the context of a major change that marked the 1970s and 1980s: environmentalism. The environmental movement (environmentalism) symbolically started from "Earth Day" in April 1970 (Prout 1983; Vandervoort 1991; et al.). About two decades later, the environmental movement had matured with increasing activism, regulatory and legislative efforts, the growth of highly organized interest groups, and constant media attention. Industry can no longer practice business without environmental considerations (Vandervoort, 1991).

Generally, the pulp and paper industry have had a bad public reputation. The characteristic smell of the process is associated with water pollution. The principal environmental risks derived from the pulp mill projects in northern Alberta seem to be composed of two environmental issues. One is the cumulative effect of effluent discharges on the river systems and on downstream water quality in Alberta and the Northwest Territories. The other issue is forest management: harvest planning, operations, and reforestation of northern Alberta which the pulp mills count on for their wood supply. The protection of the forest and the river environments is not always compatible with economic development.

### Environmental design

Among components of pulp mill effluent, toxic chlorinated organic compounds (organochlorines) are of particular concern. Two of the most toxic types of chlorinated organic compounds, are dioxins and furans. Concerns are that they are persistent, will pass up the food chain and may impact on humans. Even though there is a scarcity of direct evidence of harm to humans, some scientific studies published in late 1989 indicate the dioxin exposure may have caused increased cancer rates at several sites (quoted in the Alberta-Pacific Environmental Impact Assessment Review Board, 1990). There is general agreement in the scientific community that human exposure to dioxins and furans should be kept as low as possible (The Alberta-Pacific Environmental Impact Assessment Review Board, 1990).

The kraft pulp mill process is designed to separate lignin (natural glue) from the cellulose (wood fiber), the prime component of processed pulp. Dioxins and furans are generated through the chlorine bleaching process, where the lignin (natural glue) is removed. Since the discovery of dioxins and furans in effluents of bleached kraft pulp mills, the pulp and paper industry has made great progress in reducing the amount of elemental chlorine used in the production process to virtually eliminate dioxins and furans. Substitution of chlorine dioxide for elemental chlorine helps to achieve this directly, while extended delignification and oxygen delignification helps to reduce the amount of bleaching. In addition to the above, more complete secondary treatment of effluents is applied before discharging them to natural waters (Daishowa, June

1989; The Alberta-Pacific Environmental Impact Assessment Review Board, 1990).

In their Environmental Assessment report, Daishowa claimed that the Best Practical Technology (BPT) was taken into consideration by Alberta Environment for the selection of air emission and effluent control equipment (Simons, 1987a). When confronted by demands to meet the new environmental standards, Daishowa advanced the installation of the extended delignification process to start-up time instead of following their original plan to phase in the new technology after the mill was fully operational (Daishowa, June 1989). The mill, therefore incorporated the three technologies mentioned above: extended delignification, oxygen delignification, and chlorine substitution from the first day of operation (Hamaoka, 1991).

A review of Daishowa pulp mill performance from July to December in 1991 indicates the pulp mill discharged at less than one half of their licence limits<sup>1</sup> (Alberta Environment, 1991). In essence, Daishowa has been operating well within the limits of the regulations established by Alberta Environment.

### Forest management

The Alberta government has promoted the development of the forestry resources in the northern Alberta since 1986 and the

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<sup>1</sup> The average discharge of BOD (biological oxygen demand) in the same period was about 40 % of the licence limit of 5,500 kilogrammes per day. AOX (adsorbable organochlorides) were about 60 % of the licence limits of 1,400 kilogrammes per day (Morrison, 1992a).

Daishowa's forest management agreement was the first of its kind. The area that Daishowa intends to develop is a mixed-wood forest, part of an ancient boreal forest that stretches across the northern hemisphere from Alaska to Labrador, through Europe and Russia to the Pacific. There is no previous program or regulatory experience in managing this type of forest resource (Igarashi, 1992). The Forest Management Agreement (FMA) is based "on a perpetual sustained yield basis" (Alberta, Forestry, Lands and Wildlife, 1989), which means that forests can be cut down and perpetually regrown, without damage to the environment (Ellis, 1991). However, the practice of forest management is critical. A professor of forest ecology of the University of Alberta, Ellen Macdonald observed:

*As the most northern forest type in the world, the boreal is one of the last to be tackled for full-scale forestry development. That means there isn't much known about how to regrow mixed stand of trees in cold, often wet, soils (Macdonald, 1991, quoted in the Edmonton Journal, Oct. 5, 1991).*

There is no known experience, theory or system of managing a northern mixed-wood boreal forest. University of Alberta botanist George LaRoi was quoted in the *Edmonton Journal* as saying that what exists is "a patchwork of information that doesn't provide a coherent idea about how developments should proceed" (*Edmonton Journal*, July 29, 1990). A member of the Sierra Club, an environmental group observed: "It's going to be a battle of the experts" (*Edmonton Journal*, Oct. 3, 1991). This lack of experience in boreal forest management practices would cause later controversy.

### Aboriginal groups

In addition to forest management, Daishowa faced another complication. The Lubicon Lake Band, an aboriginal group in the area, has a unique position in Alberta because they have no land reserve. They were left out of Treaty No. 8 between the government of Canada and Indian bands in 1899 (Alberta government, 1990). Under Treaty 8, the government of the time set aside reservations of land for the exclusive use of treaty Indians with special rights and material goods. The aboriginal people surrendered the entire territory of land, pledged allegiance to the Crown, and promised to keep the peace (Alberta government, Office of the native Secretariat, 1978). Without a land reserve, the members of Lubicon Band live in the Little Buffalo community which is located about 100 km northeast of the Town of Peace River. It is in Improvement District #17.

In February 1988, when Daishowa announced the construction of the pulp mill, the Forest Management Agreement was still in draft form. However, the Alberta government informed the Lubicon Band the government had taken into account the Lubicon Lake Band's claim. The 25.4 square miles (65.8 square kilometers) offered to the Lubicons by Alberta in 1985 was excluded from the proposed Forest Management Agreement area (Alberta government, Premier's Office, 1988). Daishowa also made a public announcement that the company would not log in an area of 243 square kilometers surrounding the 65.8 square kilometers offered by the government, recognizing the Band's claim for a reserve size that would correspond

with its current population. The Forest Management Agreement officially signed by Daishowa and Alberta government in September 1989, excluded the 94 square miles (243 square kilometers) of reserve land agreed to at the Grimshaw Accord in October 1988 (Daishowa, Feb. 1991).

Appendix 1 is a summary of the background on the Lubicon Lake band land claim.

### III. A Historical Overview of the Case

This overview describes the key events regarding Daishowa Canada's Peace River Pulp Mill from construction to operation. The information is based on the coverage of the *Record-Gazette*, a weekly newspaper in Peace River, Daishowa's official documents, and government documents. This diversity of sources allowed for triangulation to ensure greater accuracy.

#### **1987**

In March, Daishowa Canada Co. Ltd. (Daishowa) commissioned H.A. Simons Ltd. (Simons), an engineering consulting company, to undertake a pre-feasibility study for a bleached kraft pulp mill to be located in the vicinity of the Peace River in northern British Columbia or northern Alberta. After completion of the pre-feasibility study in May, 1987, and a discussion with the province of Alberta regarding the availability of timber resources and transportation infrastructure, Daishowa announced its commission of a detailed project definition study by Simons Ltd. in August, 1987, at a cost of \$1.8 million. In accordance with Alberta's Environmental Impact Assessment (EIA) Guidelines, Simons was to prepare an Environmental Assessment report with assistance from Pacific Liaison Ltd. (Pacific Liaison). The project definition study was to be the main component of the feasibility study. The province of Alberta and the government of Canada announced that they would contribute

\$300,000 (\$150,000 each) to the project study, with federal funds coming from the Western Diversification Initiative.

Senior Daishowa officials and their consultants arranged eleven meetings with local and regional government officials in October and November in addition to five public information meetings in the pulp mill impact region in early November. Following is the list of local organizations and communities with which Daishowa met:

Meetings with local & regional government officials

- Oct. 6      - Town of Manning Council
- Improvement District #22 Council
- Paddle Prairie Metis Settlement
- Zone 6 Metis Association
- Oct. 7      - Town of Peace River Council and Chamber of  
Commerce Representatives
- Town of Grimshaw, Village of Berwyn,  
M.D. of Peace #135 and Mackenzie Regional  
Planning Commission
- Nov. 2      - ID #17 West Council
- Nov. 3      - High Level/Fort Vermilion Health Unit
- Town of High Level Council and Chamber of  
Commerce
- ID #23 Council
- Nov.5      - Peace River Health Unit No. 21

Public information meetings

	Attendance
Nov. 3 - Fort Vermilion	8
Nov. 4 - Paddle Prairie	23
Nov. 4 - Town of Manning	110
Nov. 5 - Weberville (close to the mill site)	130
Nov. 5 - Town of Peace River	over 300

The Project Definition Study was completed in December, 1987. Daishowa submitted the Environmental Assessment Report to Ken Kowalksi, Minister of Environment, government of Alberta.

**1988**

On February 8, 1988, Daishowa announced the construction of the pulp mill with simultaneous approvals from the Alberta government and the federal government. The cost of the project was estimated at \$500 million. The federal government's contribution of \$9.5 million was made through the Western Diversification Office to facilitate Daishowa's infrastructure leading to the mill gate. At the same time, the provincial government announced its \$65.2 million contribution towards the construction of infrastructure (bridge at the mill site, roads and a railway spur line) over the next five years.

On March 7, 1988, Lubicon Chief Ominayak paid a visit to the Daishowa head office in Vancouver and met with Koichi Kitagawa, then Vice President, and Tom Hamaoka, who succeeded him in that

position (when Mr. Kitagawa was named head of Daishowa Forest Products in eastern Canada).

In April 1988, preparation of the pulp mill site was officially started with the Japanese style sod-turning ceremony. Soon after the day of the ceremony, Daishowa submitted an application to Alberta Environment for a permit to construct the plant under the Clean Air and Water Acts.

In June, Daishowa received formal approval of Environmental Assessment reports and the permits to build the plant. In the same month, Friends of the Peace, an environmental group based in Peace River, was formed over concern for Daishowa's bleach kraft pulp mill. Daishowa began construction the following July.

## 1989

In May 1989, Alberta Environment officials claimed that Daishowa would have to meet new environmental standards before a licence to operate would be issued. The new standards were introduced by the former Environment Minister Ian Reid in December, 1988, approximately six months after Daishowa received formal approval and permits to begin construction. Immediately, however, Alberta Environment withdrew the stipulation on the grounds that it would be unfair to change regulations in mid-stream. Daishowa was required at least to submit a written action plan, detailing the timing and how the company could implement the new standards. In response to the request, Daishowa officials indicated that it could take as long as two years to get the necessary

equipment to meet the new standards. However, on June 29, 1989, Environment Minister Ralph Klein announced that Daishowa would meet the province's tougher environmental standards by the time the Peace River Pulp Mill opened in 1990. The announcement was made at a press conference in Peace River attended by Mr. Tom Hamaoka, vice-president of Daishowa, Mayor Michael Procter, and a few governmental officials.

Daishowa signed a Forest Management Agreement (FMA) with the Alberta government on September 14, 1989 (Alberta, Forestry, Lands and Wildlife, 1989). The FMA secured the wood supply for the Daishowa pulp mill. Under the terms of the agreement, Daishowa had tenure for a minimum of 20 years over a Forest Management Area of about 40,000 square kilometers (4 million hectares) of land to the northeast and northwest of the Town of Peace River.

In November, 1989, Daishowa announced a committee to solicit input of interest groups in its preliminary forest management plan. The company's Forest Management Agreement required the company to have a preliminary five-year plan for managing the timber resource within six months following the commencement of the agreement (Alberta, Forestry, Lands and Wildlife, 1989).

## 1990

On February 16, several environmental groups including Friends of the Peace, and aboriginal people's groups such as the Little Red River Band filed legal action against the federal government. They claimed that the environmental impacts of the project were not

subjected to all necessary steps of the federal Environmental Assessment and Review Process (EARP). Their intent was to compel the government of Canada to fulfill its legal obligation in accordance with their own EARP Guidelines Order. Daishowa claimed that the project had been subjected to a detailed review by provincial and federal officials under the Environmental Impact Assessment (EIA) guidelines regulated by Alberta Environment (Hamaoka, 1991).

On March 13, provincial environmental groups, including the Alberta Wilderness Association, Peace River Environmental Society and Sierra Club of Western Canada launched legal action against the Alberta government to force a full public review of the Peace River Pulp Mill's Forest Management Agreement. They asked to broaden and strengthen the public's role in developing management objectives for the FMA lands. The next day (March 14, 1990), Timber Harvest Planning and Operating Ground rules were approved by the Alberta Department of Forestry, Lands and Wildlife and accepted by Daishowa. These rules outlined the objectives and standards that would be applied to normal harvest planning and operations on the FMA.

On May 3, Daishowa and Aboriginal Logging Ltd. completed negotiations on a long term logging contract valued at approximately \$2 million per year. Aboriginal Logging Ltd. is an aboriginally owned-and-operated company representing Zone 5 and 6 and the Metis Association, the Whitefish Lake and other Indian bands and investment groups.

On May 22, Daishowa was issued the licence by Alberta Environment to operate the pulp mill under the Clean Air and Water Acts. Concerned environmentalists came from all over Alberta to protest the license.

On June 22, environmental and aboriginal groups such as Friends of the Peace, the Metis Association of the Northwest Territories, the Little Red River Band and Athabasca Chipewyan Band filed a legal case against Alberta Environment to conduct a full public review of the terms and conditions of Daishowa's Licence to Operate the mill.

On July 8, Daishowa pulp mill started operations in a test mode, expecting full-scale production by fall.

On September 22, Daishowa officially opened the mill with a two-hour ceremony attended by more than 1,400 people. The ceremony culminated with two Japanese customs. One was painting the second eye on the Japanese Daruma Doll which symbolized the completion of the project. (the first eye had been painted following the groundbreaking ceremony in April, 1988). The other custom was a Taru ceremony, smashing the lids on wooden barrels of Sake (Japanese rice wine), a traditional Japanese celebration.

In the fall, 1990, a foul odor was noticeable in the Peace River area due to start-up problems at the Daishowa mill.

## 1991

In February, Daishowa started a pulp mill tour program.

On March 13, Daishowa bought a print ad in the *Record-Gazette* informing the public about the pulp mill odor problem. Around the same time, the company began a volunteers odor-monitoring program in the area.

On June 10, Daishowa pleaded guilty to six charges of pollution at the Peace River pulp mill and was fined \$75,000, the largest environmental fine levied in the province (*Edmonton Sun*, June 12, 1991). None of the charges were related to mill operation. Five charges under the Clean Water Act alleged that construction camp sewage was dumped into the river in 1989 and 1990, containing higher levels of chemicals than allowed under the company's licence to operate. A sixth charge under the Clean Air Act related to open burning of construction debris in July, 1990 (*Edmonton Journal*, May 23, 1991).

Chief Bernard Ominayak of the Lubicon Lake Band visited Japan in September, 1991 and called for a meeting with Kiminori Saito, president of Daishowa Paper Mfg. company, the parent company of Daishowa Canada. The requests for a meeting were rejected by the company. The Lubicon Lake Band protested Daishowa's clear-cutting operation on the land which they claimed.

Through September to October, rumors circulated that Daishowa mill would be sold (*Record-Gazette*, Sept. 11, 1991). Daishowa sources maintained that the company was exploring financing options for the mill, including a restructuring plan which would include one or more joint investors in the Daishowa project.

In November, a Toronto-based native rights organization called "Friends of the Lubicon" sponsored a national boycott of Daishowa paper products on the grounds that the Peace River pulp mill and forestry operations in northern Alberta threatened the lives and well-being of the Lubicons.

## 1992

In January, Daishowa announced the company would not meet the 1993 construction deadline to double its Peace River pulp mill. One reason given was the Lubicon land claim. When Daishowa Canada's Japanese parent company announced it would retain full ownership of the \$600-million mill, it terminated the rumor of a sell-out.

On January 24, a court decision allowed Daishowa to continue to log a Forest Management area covering about 40,000-sq. km of northwestern Alberta to feed its Peace River pulp mill<sup>1</sup>.

## Summary of the historical overview

1987 was the year of preparation. Daishowa conducted several studies regarding the construction of the pulp mill and created an Environmental Impact Assessment report as a first step to get the authority's permission.

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<sup>1</sup> In a court ruling released September 1, 1992, the environmental groups (the Sierra Club of Western Canada, the Alberta Wilderness Association and the Peace River Environmental Society) have been ordered to pay between \$60,000 and \$75,000 of the government's and Daishowa's legal bills (News Release of Alberta Wilderness Association and Sierra Club of Western Canada, Sept. 3, 1992).

In 1988, Daishowa inaugurated the pulp mill project with approvals from various appropriate authorities.

During 1989, the construction of the pulp mill was in progress. The significant event at this time was the conclusion of the Forest Management Agreement between Daishowa and the Alberta government.

In early 1990, several legal actions regarding Daishowa's environmental performance were filed by several environmental groups and aboriginal groups. Despite this, Daishowa started operation of the pulp mill.

In 1991, the Lubicon Band continued their public disagreement with Daishowa regarding their land claim problem. They organized a nation-wide boycott of Daishowa paper products claiming that Daishowa was threatening the lives and well-being of the Lubicons.

In early 1992, Daishowa was allowed by a court decision to continue to log the Forest Management Agreement area.

Table 2. briefly presents the history of the Daishowa pulp mill project.

**Table 2. History of the Daishowa pulp mill project****1987**

- August 18 - Daishowa announced a \$1.8 million project definition study.
- Oct, 6-7/Nov.2-5 - Daishowa had briefings to local authorities.
- Nov. 3-5 - Daishowa had Public Information meetings.
- Dec. 14 - Environmental Assessment Report submitted to Alberta Environment.

**1988**

- February 8 - Construction of \$500 million pulp mill announced.
- March 7 - First meeting between company and Lubicon chief Ominayak.
- April - Site preparation commenced with ceremony.
- June - Formal approval of Environmental Assessment report and the permits to build the plant by Alberta Environment.
- June - Friends of the Peace formed.
- July - Actual construction of mill.
- July - Meeting with representatives of native groups.

**1989**

- May 10 - Alberta Environment announces Daishowa must meet new environmental standards.
- June 29 - Daishowa announces that it would meet the new standards by the time the pulp mill opens in 1990.
- Sept. 14 - Forest Management Agreement (FMA) signed with the Alberta government.
- Nov. - Public Advisory Committee for FMA is initiated.

## - Table 2 continued -

**1990**

- Feb. 16 - Legal action launched by environmental groups and Indian bands against the government of Canada in accordance with the EARP.
- March 13 - Legal action launched by environmental groups regarding FMA.
- May 3 - Logging contract signed with Aboriginal Logging Ltd. valued at \$2 million per year.
- May 22 - Licence of operation by Alberta Environment.
- June 22 - Legal action regarding the licence of operation.
- July 8 - Pulp Mill started operation.
- Sept. 22 - Pulp Mill officially opened with ceremony.
- Nov. 7 - Foul odor in Peace River due to start-up problems.

**1991**

- Feb. - Tour program started.
- March - Odor monitoring program started.
- Sept. 11 - Lubicon chief Ominayak calls for a meeting with the president of Daishowa Paper Mnf. Co. Ltd. in Tokyo. Requests for the meeting are rejected.
- Sept. - Oct. - Rumor of potential sale of the mill.
- Nov. 28 - Lubicon organizes a nationwide boycott of Daishowa paper products.

**1992**

- Jan. 9 - Daishowa retains full ownership of the \$600-million mill.
- Jan. 24 - Court upholds Province's FMA with Daishowa.

## Chapter V

### Data Analysis:

#### Major Actors and Communication Problems

In this chapter, the data obtained through the case study are presented according to the major players involved and the communication problems encountered.

#### I. Major Actors

##### **Description of roles and positions**

The major actors, their interests, and their interactions with the company are described here. The major actors include the federal and provincial governments, community, environmental and aboriginal groups.

##### Governments

The main interest of the federal and provincial governments was the economic diversification of northern Alberta by means of the development of natural resources. Both federal and provincial governments have authority to regulate the use of the resources on which the industry is dependent and to protect the environment which the industry may impact through its operations.

The instruments that are used to regulate projects such as the Daishowa project include the Environment Impact Assessment and

the Forest Management Agreement. An open letter from LeRoy Fjordbotten, Minister of Alberta Forestry, Lands and Wildlife and Jim Horsman, Q.C., Minister for Federal and Intergovernmental Affairs, asserts that the federal and provincial governments are both responsible for the environmental impact assessment process, and Daishowa company would be required to meet the toughest environmental standards of a bleached kraft pulp mill in Canada. They also declared that the forest management practices in Alberta are among the most progressive in the country (Alberta government, Premier's office, 1988). Those points were made in March, 1988, soon after the announcement of approval for construction of the pulp mill, and the same policies were later publicly restated. Daishowa has conducted the assessment and operated the project under the laws of both governments.

Premier Don Getty earlier expressed the provincial government's invitation to foreign investors in the forestry industry of northern Alberta and made this observation about Daishowa:

*This major investment by Daishowa, its largest overseas investment, will provide vital development and employment opportunities for Northern Alberta. The project is indicative of the government's commitment to the forest industry sector of the provincial economy and to our overall economic diversification strategy (Alberta, Forestry Lands & Wildlife, March, 1988).*

The project announcement was significant. The Daishowa pulp mill was the latest and by far the largest forestry project announced by the provincial government since it established the Forest Industry

Development Division in 1986 to promote greater development of Alberta's huge timber resources (Alberta, Forestry Lands & Wildlife, March 1988).

The federal government supported the Daishowa project in northern Alberta through its Western Diversification strategies<sup>1</sup>. Stan Schellenberger, Parliamentary Secretary to Hon. Bill McKnight, Federal Western Diversification Minister, said the project demonstrates how two governments could work together with the private sector to make a significant contribution toward the development and diversification of the Alberta economy (Alberta, Forestry Lands & Wildlife, March 1988). Since both governments and Daishowa shared the same objective, either as official promoter of the northern Alberta economy or as investor, there were few communication problems anticipated in this relationships.

#### Community: Town of Peace River

Daishowa suggested that the proposed pulp mill project would affect a number of communities in the Peace River region of northern Alberta (Simons, 1987a). In this case study, however, the author focuses on the town of Peace River, which is the town closest to the pulp mill and a major distribution point for the area. The town of Peace River is located 486 km North West of Edmonton and had

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<sup>1</sup> Prime Minister Brian Mulroney on August 1987 announced a \$1.2-billion fund to help wean the West from its dependence on such resource-based industries as oil and wheat. The fund, to be dispersed over five years, was to be administered by a new Edmonton-based Western Diversification Office (Canadian News Facts, Sept. 1987).

6,696 habitants as of 1991 (The Peace River, Board of Trade, 1991). The town had been dependent on primary industrial activity and its major economic base was agriculture, natural gas, oil and timber (Co-West Associates, 1981; Simons, 1987a). Not surprisingly, with its dependence on a deteriorating world market, community leaders welcomed a new industry which would activate the regional economy and stabilize it.

Community Leaders: Mayor Michael Procter represented Peace River in negotiations with Daishowa. As civic leader of Peace River, he welcomed the new investment which would diversify the economy of the town. He was quoted in the *Record-Gazette* thus: "It will be a tremendous challenge for the council and the town administration, but it will be a nice challenge" (*Record-Gazette*, Sept. 2, 1987). Referring to the reputation of Daishowa, he declared, "We're really looking forward to working with Daishowa, who have proved themselves (sic) to be a very good corporate citizen in Quesnel<sup>1</sup>" (*Record-Gazette*, Sept. 2, 1987). The councillors of the town were also optimistic and expected a positive economic impact on the town even though they had some apprehensions about a boom (inflationary) situation (*Record-Gazette*, Feb. 24, 1988).

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<sup>1</sup> Quesnel is in British Columbia where Daishowa has a partnership in two pulp operations.

Community Residents: The residents of the town of Peace River are directly affected by the environmental and socio-economic impacts of the Daishowa pulp mill. As the pulp mill would produce new employment opportunities through direct and indirect employment, the residents were interested in the qualifications for the jobs as well as the priority that would be given to hiring local residents. Their environmental concerns centered mainly on odor, the quality of water and the impact on wildlife in the area (Simons, 1987b). These concerns were expressed at the public meetings held on November 5, 1987 in the town of Peace River.

#### Environmental groups

A major role of environmental groups is to lobby for environmental protection. Because the activities of environmental groups usually pit them against industry, corporations should be aware of the existence of environmental groups and maintain good communication linkages with them.

A number of environmental groups have interacted with Daishowa. Some have initiated legal action against the federal or provincial government for their lack of aggressiveness in pursuing more stringent forest and environmental regulation. Significantly, no legal action has been directed against Daishowa. However, Daishowa has been the target of boycotts by environmental groups who perceived a threat to land claimed by the Lubicon Band through the company's logging operations.

Because the size, structure and objectives of environmental groups vary, it is difficult to make generalizations about their activities. The credibility of some groups has been described as questionable by some interviewees. For example, Daishowa officials have expressed objections to what they felt were unreasonable perspectives and claims. Mr. James Morrison, General Manager of Daishowa's Edmonton Office, claims there are some groups who are more interested in confrontation and publicity than in constructive criticism. Because there is no scientific or factual basis for many of these protests and accusations, Daishowa's approach has been to provide information but to avoid getting involved in confrontations (Morrison, 1992b). Dr. S.J. Igarashi, the Executive Advisor of Consulate General of Japan and a scientist, supported this policy:

*Some environmental groups lack the basic knowledge of science, especially ecology, and tend to act on an emotional basis. I am worried about the consequences of their movements, creating serious backlash and hampering the genuine efforts by others in preserving nature (Igarashi, 1992).*

In this case study, the author had the opportunity to interview the members of two environmental groups, one based in Peace River "Friends of the Peace" and the other, "Northern Light" based in Calgary. The opinions summarized in this paper are mainly based on the information gained through individuals representing these two groups.

Friends of the Peace is a local environmental group formed in June, 1988 to express concern about Daishowa's bleach kraft pulp

mill. The activities of the group focused on the Daishowa development and its potential negative impact on people through air and water pollution. Later, their interest expanded to include the forest situation.

Northern Light has 350 members and is also a local group based in Calgary and southern Alberta. They oppose pulp mills, river pollution and unsustainable forest practices. They joined the boycott against Daishowa in support of the Lubicon Lake Band.

### Aboriginal groups

In North America, aboriginal people have been increasingly involved in a range of issues. Daishowa's entry into northern Alberta made interaction with aboriginal groups inevitable. Although aboriginal reserves and communities are excluded from the Daishowa Forest Management Area (FMA), the reserves and communities within the FMA area maintain their rights to hunt, trap, and fish to maintain their economy (Alberta, Forestry, Lands and Wildlife, 1989). Their concerns include the effect of Daishowa's logging practices on wildlife and their habitats and on the threat to aboriginal people's traditional way of life such as trapping, hunting and guiding based on the forest resources. The impact on the health of the people who drink water and consume fish from the Peace River was also of concern. The potential employment and business opportunities associated with Daishowa caused both positive and negative reactions (Dornbierer 1992; Igarashi, 1992, et al.).

Although they have different economic aspirations and physical locations, the aboriginal bands share many of these concerns. However, the Lubicon Lake band in particular has a special interest because of their land claim in proximity to the pulp mill.

### **Chronological Involvement**

This section summarizes how and when the major actors became involved in communication with Daishowa.

Contacts between Daishowa and the provincial and federal governments started in spring, 1987, with a discussion of available timber resources and transportation infrastructures to support the pulp mill. The two governments contributed to Daishowa's feasibility study which was initiated in August, 1987. The residents of the community were first given an opportunity to address the Daishowa pulp mill project in November, 1987 through public meetings.

In early February, 1988, the project was approved and accepted by the provincial and federal governments and Daishowa. A month later the Lubicon Lake Band had their first meeting with Daishowa regarding Daishowa's forest management area and the Lubicon land claim. In June, 1988, Friends of the Peace, a local environmental group, was formed to express its concern about the Daishowa pulp mill. In July, 1988, Daishowa initiated a first meeting with about 250 representatives of various native and Metis groups in northern Alberta (Dornbierer, 1992).

In May, 1989, fifteen months after the project had been approved (February 1988), Alberta Environment announced that

Daishowa would have to meet new environmental standards before a licence to operate would be issued. This aroused public controversy, especially with environmental groups. Friends of the Peace representatives asserted that the province wanted people to believe the new standards for toxic effluents would apply to the Daishowa mill when they were announced in December, 1988. They claimed they were misled by the government (*Record-Gazette*, May 10, 1989). Daishowa indicated that it could take up to two years to get the necessary equipment to meet the new standards. The controversy was resolved by a joint announcement from Daishowa and Alberta Environment that the province's new environmental standards would be met when the pulp mill opened in 1990. In response, the representatives of Friends of the Peace claimed that the ultimate goal should be to ban the use of chlorine altogether (*Record-Gazette*, July 5, 1989).

On September 14, 1989, Daishowa signed a Forest Management Agreement with the Alberta government. In November, a Public Advisory Committee was organized to include the input of interest groups into the preliminary forest management plan. On November 20, 1989, Daishowa held a public meeting to consider its application for a licence to operate under the Clean Air and Water Acts (*Record-Gazette*, Nov. 22, 1989).

In 1990, three legal cases were brought, mainly by environmental groups, over the Peace River pulp mill. The first was an Environmental Assessment Review Process (EARP) Case against the federal government, brought by environmental groups including

Friends of the Peace and Indian Bands, including Little Red River Band. The plaintiffs claimed they had never had opportunities to affect the development or to address their concerns through public hearings (*Record-Gazette*, Feb. 16, 1990). The second case was brought by a coalition which included Alberta Wilderness Association and Peace River Environmental Society against the provincial government regarding the Forest Management Agreement (FMA). The last case was against Alberta Environment brought by environmental and aboriginal groups such as Friends of the Peace, the Metis Association of the Northwest Territories, the Little Red River Band and the Athabasca Chipewyan band. They demanded that the Alberta government conduct a full public review of the terms and conditions of the Peace River Pulp Mill's Licences to Operate under the Clean Water and Clean Air Acts. Daishowa is not a principal in any of these actions. However, Daishowa wanted to testify on its own behalf.

In the summer of 1990, Daishowa started the pulp mill operation.

In September, 1991, the Lubicon Band appealed to Daishowa's Japanese parent company, Daishowa Paper Mfg. Co. Ltd. claiming the company's logging practices in northern Alberta was threatening the Band's traditional territory. The request for a meeting by Lubicon Band Chief Bernard Ominayak was refused by Daishowa Paper. On November 28, 1991, the Lubicon Band organized a nationwide boycott of Daishowa paper products to support its bid for a land-claim settlement. This boycott was sponsored by a Toronto-based

native rights organization, Friends of the Lubicon, and supported by other environmental groups including Alberta Environmental Alliance.

On January 24, 1992, a Court of Queen's Bench upheld the Forest Management Agreement between Daishowa and the Alberta government. Thus, Daishowa can continue with plans to log a forest management area to feed its Peace River pulp mill. At present, there are two pending legal cases.

A timeline describing points of entry or major interaction between the actors and the company is presented in Figure 2.

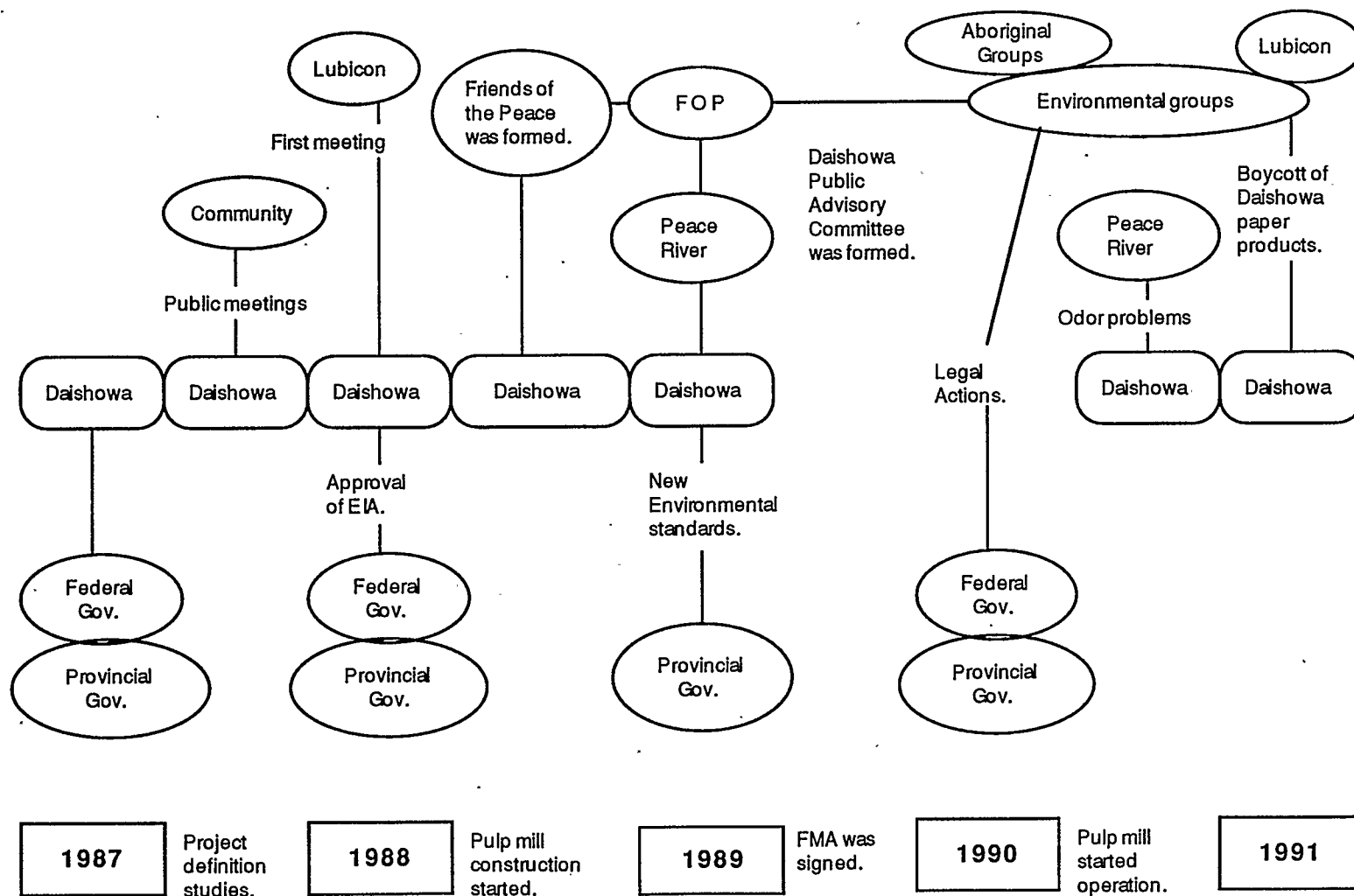


Figure 2: Timeline of interactions between major actors and Daishowa

## II. Daishowa's Public Communications Efforts

This section describes and elaborates on Daishowa's communication strategies with various interest groups and the reaction to these activities. The consequences of these policies are discussed in a later section.

### **Public meetings**

Daishowa conducted a number of public meetings as the project progressed. Some were required by the federal and provincial governments as part of the process of application for licences.

The initial information meetings were part of the public consultation process required by Alberta's guidelines for Environmental Impact Assessment. Five meetings were held in early November, 1987, within the main impact region at Fort Vermilion (attendance 8), Paddle Prairie (23), Town of Manning (110), Weberville (130), and the Town of Peace River (over 300). These were advertised in local newspapers (the *Record-Gazette*, *Manning Banner Post*, etc), on radio (CKYL Peace River), and through advance notices (Simons, 1987b). Daishowa distributed a "Peace River Kraft Pulp Mill Public Information Brochure" to all who attended the meetings. The meetings were held in panel discussion format. Panel members were composed of Daishowa officials and consultants who had expertise on the project.

For example, Dr. Trotter of Monenco Consulting, a member of a panel, presented a dioxin study. He used worst-case assumptions,

such as assuming that all dioxin discharged would end up in fish, assuming all types of fish in the river would be consumed, etc. He claimed that the potential accumulation of dioxin in edible fish tissue would still be well under the Health and Welfare Guidelines. He concluded that no health hazard would be created for those who consume river-dwelling fish (Simons, 1987b).

Daishowa defined the purpose of these meetings as follows: "to contact, inform and listen to the concerns of local community councils, interest groups, downstream water users and the public in general who may be impacted by the proposed pulp mill project" (Simons, 1987b). They were to be opportunities for the public to express their concern for the project as well as for Daishowa to understand the public's environmental concerns. The major concerns expressed at the public meetings were summarized as follows in an Environmental Assessment report.

1. Environmental concerns such as odor, water quality, aesthetics and the like.
2. Wood supply and related economic activity such as woodlands operations, purchase of wood from agricultural lands and access to employment opportunities for local residents.
3. Pulp mill employment opportunities.
4. Community issues such as housing, recreation, education, and the like (Simons, 1987a).

At all of these meetings, no specific questions regarding aboriginal people's concerns were raised except one question about the quota for native hiring at the meeting held in Paddle Prairie (Simons, 1987b). Daishowa responded that its policy would be to

hire the most qualified people available in the area and that it would not subject the project to any quota (Simons, 1987b).

Daishowa initiated a first meeting with about 250 representatives of various native and Metis groups in northern Alberta in July, 1988 (Dornbierer, 1992). After the meeting held in Peace River, Daishowa, recognizing the difficulty of addressing each group's interests, asked them to form a committee to represent their various interests. Consequently the "Aboriginal Resource Development Group" was organized. The group worked on three objectives: economic development, employment opportunity, and environmental issues (Dornbierer, 1992). The strategies toward the aboriginal people are consistent with the comment by Mr. James Morrison, General Manager of Daishowa Edmonton Office:

*Basically, our policy with aboriginal groups has been to work with them in the development of their management skills to set up corporations to benefit them in the long run, not throwing money at them to solve problems. For example, we have logging contracts and maintenance contracts with aboriginal companies. Those contracts were all initiated, handled and developed at the operating unit level of Daishowa (Morrison, 1992b).*

Unfortunately, the native organization split in the process and the remaining Metis organization eventually organized a company called Aboriginal Logging Company (Morrison, 1992b; Dornbierer, 1992). The company is an aboriginally owned and operated logging company representing Zone 5 and 6 and the Metis Association, the Whitefish Lake and other Indian bands and investment groups. It signed a logging contract valued at approximately \$2 million per year

with Daishowa on May 3, 1990. (*Record-Gazette*, May 10, 1990). Chief Tallman of the Whitefish Indian Band commented:

*For years, Metis and Indian leaders have been working hard to create opportunities for local aboriginal people to earn a stake in Alberta's growing forest industry. It is always a challenge to build a new company and Daishowa's commitment to our vision of a strong and viable aboriginal presence in the industry has made a great contribution to our success (Record-Gazette, May 10, 1990).*

### **Individual meetings**

In addition to public meetings, Daishowa had individual meetings with civic leaders to discuss specific issues. Mayor Procter had frequent contacts with Daishowa officials from July, 1987, when the company announced the feasibility study of the pulp mill. He attended public meetings during the company's public consultation period as well as other significant events regarding the pulp mill. Mayor Procter observed:

*I kept in very close touch with Tom Hamaoka (Vice President, Daishowa Canada) and Terry Takeda (Vice President finance, Daishowa Canada) throughout the construction and still do, so as far as how things are going and how their public relations are, I think that they have been very cooperative (Procter, 1992).*

Lubicon chief Bernard Ominayak had his first meeting with Daishowa officials (Koichi Kitagawa, then Vice President, and Tom Hamaoka, who succeeded him in the position) in March, 1988. The meeting was actually initiated by Chief Ominayak who paid a visit to

Daishowa head office in Vancouver, following a street demonstration in the city. At the meeting, Daishowa reiterated the arrangements<sup>1</sup> that had been made to accommodate the band's position (Daishowa, Feb. 1991). Further, Daishowa officials told Chief Ominayak that they would urge the two levels of governments to expedite settlement of the Lubicon claim, and in the meantime, Daishowa would avoid logging in areas set aside for the Lubicon reserve -- not just the minimal (25.4 sq. miles) reserve but a potentially larger area (94 sq. miles) which reflects the band's current population (Daishowa, Feb. 1991).

However, communication between Daishowa and the Lubicon Lake Band virtually broke off a month later. Chief Ominayak's letter addressed to Mr. Koichi Kitagawa, senior vice-president of Daishowa at the time, maintained, "Apparently we failed to communicate adequately during our meeting on March 7th, 1988" (Ominayak, 1988). Chief Ominayak claimed that they did not intend to allow logging in the traditional area (which is close to ten percent of Alberta), at least until their aboriginal land rights are settled. Further, the Chief declared that until then, they would not proceed with further talks with Daishowa (Ominayak, 1988).

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<sup>1</sup> In February 1988, the Lubicon band was assured in writing by the Alberta, Forestry, Lands and Wildlife, that the reserve claim had been taken into account in negotiation with Daishowa. The 25.4 square miles near Lubicon Lake, offered by Alberta 1985, has been excluded from the proposed Forest Management Agreement area (Alberta government, 1988; Daishowa, Feb. 1991)

Occasional meetings with environmental groups appeared to be held. In the *Record-Gazette*, November 16, 1988: "Officials from Friends of the Peace have been granted meetings with representatives of two Peace Country pulp mills (Procter & Gamble and Daishowa). Mr. John Sheehan, chairman of Friends of the Peace, recalled that he had his first meeting with Daishowa officials and experts in June, 1989. He commented that the meeting was not very productive in changing the market-oriented policies of Daishowa (Sheehan, 1992). Mr. Paul Armstrong of Northern Light said that he had not met with Daishowa officials but would like to meet them, especially Daishowa corporate head officials in Japan (Armstrong, 1992).

### **Community relations**

From the start, the company indicated its intentions to be a good corporate citizen of the community. Mr. Wayne Crouse, Communications Coordinator of the Daishowa pulp mill in charge of community relations said, "I work on the philosophy that we try to add things to the community" (Crouse, 1992). Edmonton office head, Mr. James Morrison added,

*Our philosophy is basically to focus our efforts on the community where our employees live and on which we have the greatest impact. We focus our efforts on Peace River and High Level, not so much on Edmonton or Calgary (Morrison, 1992b).*

Daishowa created a number of opportunities -- specifically tour programs and open houses -- to address concerns regarding the operation of the pulp mill and its logging in the area. In February, 1991, Daishowa offered a new tour program to show groups and individuals the operation of a modern pulp mill. A number of school groups from the Peace River and area took advantage of these tours (*Record-Gazette*, Feb. 1991). Mr. Crouse, Communication Coordinator, explained the effect of the tour program:

*The people meet our employees, talk to some of them, and begin to look at us not as a big company but as a group of people. They know that our door is open. They start feeling comfortable with the company (Crouse, 1992).*

The most recent open house was held on the 9th of May, 1992<sup>1</sup>. It seemed to be well publicized in the community. The estimated attendance was between 800 and 1,000 (Crouse, 1992). Charter buses were operated between downtown Peace River and the pulp mill site and anyone (most seemed to be residents of Peace River) could join the tour. It was very informal and casual. The company showed part of the operation of the pulp mill, including outside facilities. Those who attended were able to talk with forest specialists who explained details of a scale logging plan on a display table. The first-hand experience at the mill and face-to-face

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<sup>1</sup> The author of this thesis attended this open house. (May 9th, 1992)

meetings seemed to reduce the local residents' uncertainty and increase their familiarity with the company.

In July, 1991, Daishowa initiated a scholarship program for Peace River high school students. The scholarships are open to students of engineering and forest technology and provide \$2,000 for enrollment in post-secondary education (*Record-Gazette*, July 10, 1991). In 1992, the company conducted focus groups composed of representatives from the community to get feedback on their community relations efforts (Crouse, 1992).

Evaluation of communications effectiveness is relative and the evaluation is often dependent on the group being examined. The editor of the *Record-Gazette* commented on the community relations of Daishowa:

*They made an effort to communicate with the community to let them know what Daishowa is doing. Was it totally successful ? No. Totally ineffective ? No. It is somewhere in between. It depends on who is listening, I guess (Rinne, 1992).*

Two years after the pulp mill started operation, Daishowa became involved in a number of community activities, as corporations often do (Procter, 1992) and gained a degree of community acceptance and popularity (Rinne, 1992). However, the environmental groups and interest groups outside the community do not share this perspective. They are more concerned about the

responsibility of the company in terms of environmental and socio-economic impacts. Mr. John Sheehan, chairman of Friends of the Peace who lives in the town of Peace River said,

*Instead of spending money on environmental things, they (Daishowa) are bribing the public in various ways to get support (Sheehan, 1992).*

### **Public Advisory Committee**

The Public Advisory Committee is an important vehicle of Daishowa's public communication efforts. Originally, the Committee ("Public Advisory Committee Regarding Daishowa-Peace River Operations" is the formal name) was created to support the Daishowa Forest Management Agreement of September 14, 1989. Its first meeting was held on January 18, 1990 (*Record-Gazette*, Jan. 24, 1990). The purpose of the committee was to ensure the company carried out its responsibilities to include other users in the forest management plan. However, in the process, Daishowa thought it useful to include air and water quality issues, so the mandate of the committee was extended to include all environmental issues (Morrison, 1992b).

The committee is composed of representatives from various organizations: Fish & Game Association, Alberta Trappers Association, Alberta Forest products Association, municipal government, Friends of the Peace, etc. There are three seats from Peace River District, which must be elected in an annual meeting. Daishowa, Alberta Forest Service, Alberta Fish & Wildlife and Alberta Environment are

eligible to nominate ex-officio members who cannot vote at meetings of the committee (Daishowa Public Advisory Committee, 1991).

The committee is significant because Daishowa is the first company of its kind in Alberta to establish a public liaison committee consisting of representatives from local business organizations, environmental groups, and other interests (Morrison, 1992a,b).

Mr. Morrison of Daishowa said,

*The public advisory committee is independent, representing public interests in the community, which is an excellent way to secure ongoing public input (Morrison, 1992).*

However, there are concerns about the validity of the Public Advisory Committee. Mr. Sheehan of Friends of the Peace, which has a seat at the committee, was critical of the committee saying,

*The public advisory committee has made a number of recommendations, virtually all of which were ignored by the government anyhow. There is not a significant benefit coming out of that organization so far. But it is a convenient public relations tool for the government and for the company. Essentially, it is a propaganda tool for them (Sheehan, 1992).*

The role of the committee is regulated in the terms of reference as "consultative" to the company and governmental departments, but it cannot serve a "co-management" role with government and industry because of legislative, owner, and shareholders obligations (Daishowa Public Advisory Committee, 1991). This restriction has been interpreted to mean that "although the company was not bound

by decisions of the committee, their recommendations would be brought to the negotiating table between the Alberta government and Daishowa" (*Record-Gazette*, Jan. 24, 1990).

There are also concerns about the credibility of the Committee because there is no participation from Metis Organizations and Treaty Indian Organizations, even though they have seats. Also, participation from outside the forestry business is limited (Crouse, 1992).

On the other hand, there is a positive view of the committee expressed by Mr. Rinne of the *Record-Gazette*:

*Daishowa encouraged people to get involved in this Public Advisory Committee. Committee had an annual meeting one month ago for the election of 3 seats. The idea was to get the people as the members at large, but nobody showed up and the three members were just staying on. Then, you are not in the position to complain (Rinne, 1992).*

The value of the Public Advisory Committee should be reconsidered. Getting the representatives of various interest groups together is an accomplishment. Although it is not in perfect shape at the moment, it has positive potential.

### **Media relations**

The media played an important role in communications between Daishowa and the public. Unless they communicate face-to-face or through public meetings, the public is highly dependent on the media for information. In this study, the focus was on two types

of publications; a local weekly paper, the *Record-Gazette* and city papers, such as the *Edmonton Journal*.

The *Record-Gazette* (circulation 5,178) covered the detailed evolution of the Daishowa project in the town of Peace River. The metropolitan papers like *Edmonton Journal* in the city of Edmonton, reported the Daishowa project from a broader perspective. It is important to understand that media perspectives are shaped by different audiences and circumstances in their communities. *Record-Gazette* editor, Mr. Fred Rinne, commented that local papers are interested in basic facts. He maintains that city papers often look for sensational subjects because of the competitive situation (Rinne, 1992). The reality, of course, is more complex.

Messages from the company, such as the announcement of a public meeting to discuss the odor problem, are communicated through the local paper to the residents of the community. For the ceremonial opening of the pulp mill, a special issue was printed (*Record-Gazette*, Sept. 19, 1990). Every two weeks, Daishowa pays for space in the *Record-Gazette* for community and non-profit groups to publish their messages (Rinne 1992; Crouse, 1992). Daishowa uses the local paper as an extension of its community relations. Not surprisingly, a negative view of this policy is expressed by Mr. Sheehan of Friends of the Peace, "Daishowa is paying the largest amount of advertising for the local newspaper. So they (the *Record-Gazette*) can't be very vocal about Daishowa" (Sheehan, 1992).

The *Edmonton Journal* provides a broader perspective of Daishowa for its readers. Business, financial and investment

activities are covered in one section and the general news section covers the impact of the operation on the water, air and forest. Staff writer of the *Journal*, Ms. Erin Ellis, commented: "It is not only a big industrial project but it also uses national resources of the forest, so we focus on that area" (Ellis, 1992). It is assumed that other city or national papers work in the same vein.

Communication linkages between the company and the major actors are illustrated in Figure 3.

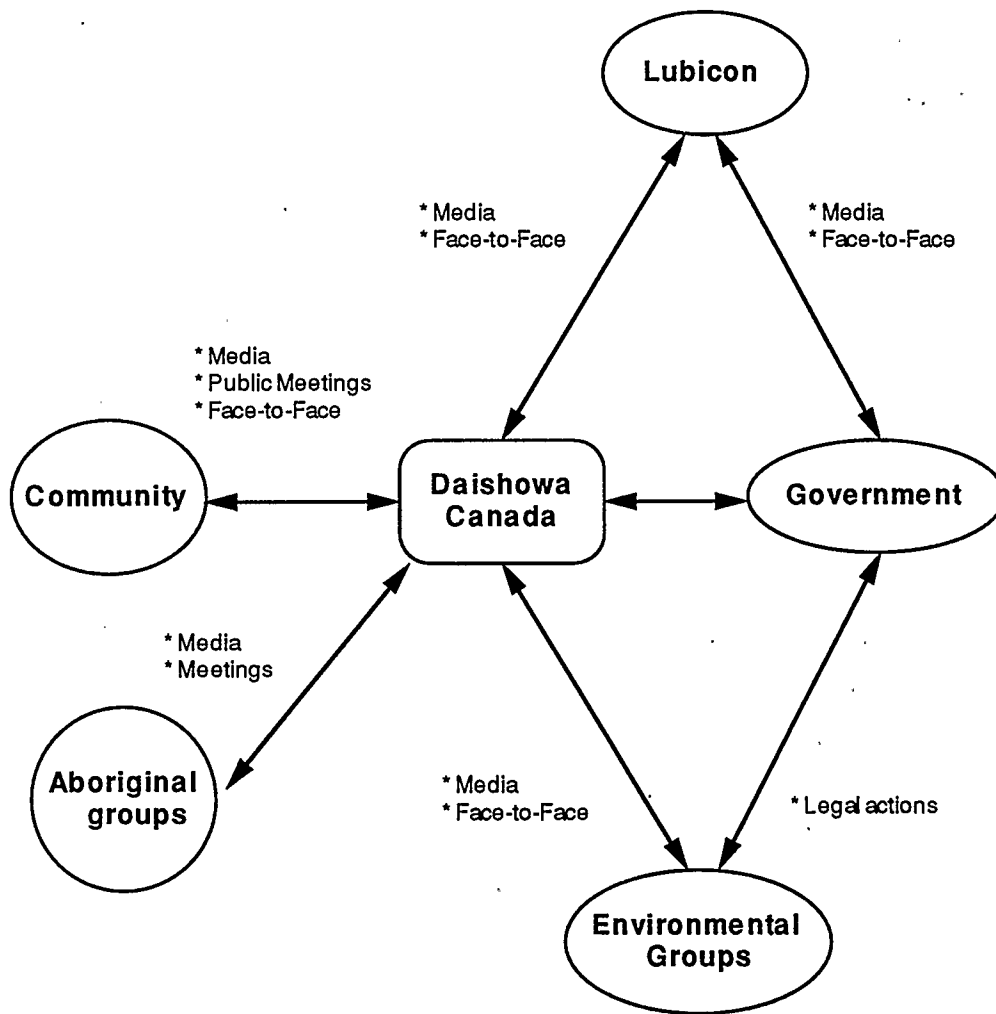


Figure 3: Communication linkages between Daishowa and the major actors.

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Note: The model does not attempt to represent linkages among these groups, such as those between aboriginal and environmental groups. This is not say, that these linkages do not exist.

### III. Communication Issues

In this section, communication issues raised through Daishowa's interaction with the public are discussed according to the categories presented within the theoretical framework discussed in chapter II. The information was obtained from a variety of sources including interviews, analysis of archival documents, media coverage, and official documents provided by Daishowa.

Were there sufficient environmental monitoring strategies which provide the information base needed to plan and carry out proactive communication strategies? Did the company understand its publics?

This section discusses whether Daishowa conducted systematic monitoring of the external environment to understand its stakeholders or interest groups and its overall operating environment.

In August, 1987, rumors of a pulp mill to be constructed in the Peace River region circulated in the town of Peace River, preceding an announcement of the feasibility study by the federal and provincial governments, along with Daishowa. The rumors included expectations and concerns about a new shopping mall, a population increase along with the new project, environmental risks and an economic impact which could include boom and bust cycles of the local economy (*Record-Gazette*, Aug. 19, 1987). However, factual

information gathering about the residents' concerns and interests did not seem to be conducted by the company until public meetings were held in early November, 1987.

The meetings were meant to be formal opportunities for Daishowa to "listen to the concerns of the public in general" (Simons, 1987b). However, it is questionable to what extent the company could understand the community residents at a meeting limited by time constraints and the format of a panel discussion that inhibits the open expression of personal opinion. The views of residents varied, being composed of anxieties to different degrees and expectations on different counts. More important, the local residents may perceive their social, economic, and environmental situations differently from governmental officials and industrial management, as demonstrated by Sherman and Gismondi (1992).

A public opinion survey regarding the proposed Daishowa pulp mill was conducted by the *Record-Gazette* in March 1990, asking readers for responses and comments, in free forms, regarding the Daishowa project. Not intended as a scientific survey, the purpose was to get some indication from the community on how the constant battle between the pro-development and pro-environment groups their perceptions of the overall project and process. The responses totalled nearly 100, taking various forms. Seventy-four percent of the respondents were mostly concerned about the environment, indicating that Daishowa should be subject to a federal

environmental assessment<sup>1</sup>. Ten percent indicated a bias or sympathy in favor of Daishowa or development groups. Of these, five percent felt the environmentalists were pushing too hard, another five percent were concerned that Daishowa would get fed up with the whole deal and abandon the project. The remaining 16 percent felt the interplay between interest groups was healthy and that a compromise would eventually be reached between development and environment concerns (*Record-Gazette*, March 28, 1990). Since the survey was not scientifically conducted, its validity could be questioned, and one reason could be that those who have opposing opinions are often more vocal than the majority who are either indifferent toward, or supportive of, the project.

Mr. Fred Rinne, editor of the Peace River town paper, the *Record-Gazette*, commented: "A majority of the people around here want a sustainable economic development but not at the cost of the environment" (Rinne, 1992). In reality, according to the editor, the residents' viewpoint of the pulp mill project varied between extreme positions, pro-development versus pro-environment, ranging from the actively concerned on one hand, to a silent majority that presumably was supportive, on the other hand (Rinne, 1992).

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<sup>1</sup> Several environmental and aboriginal groups (e.g., Friends of the Peace) filed a legal action claiming that the federal government should fulfill its Environmental Assessment Review Process (EARP) regarding Daishowa pulp mill project (*Record-Gazette*, Feb.7, 1990).

Company officials question whether Daishowa could have predicted the emergence of environmental groups by more effective monitoring. A Daishowa official, Mr. James Morrison, recalled the early stage of the project and commented:

*When Daishowa announced the project, there were few environmental protests and it was relatively quiet. The environmental groups were not recognizable at all. I do not think that they were prepared. I do not recall that they approached us formally (Morrison, 1992b).*

In reality, major environmental groups were relatively inactive when Daishowa was in the process of initiating the project. Daishowa made minimal contact with the existing environmental groups by sending them information regarding the project such as the Environmental Assessment Report (Morrison, 1992b). A local environmental group, Friends of the Peace, was formed in June, 1988, about 4 months after announcement of the pulp mill construction. From late 1988 to early 1990, after Daishowa had proceeded with construction, environmental groups appeared to be aroused by a series of other forest development announcements such as Alpac<sup>1</sup> (Morrison, 1992b). The following comment of Ms. Erin

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<sup>1</sup> Alberta-Pacific Forest Industries Inc. had proposed a bleached kraft pulp mill in the County of Athabasca on December 22, 1988. The company submitted an "Environmental Impact Assessment" report on May 8, 1989 and planned to begin construction in late 1989. However, this was delayed by the Environmental Impact Assessment (EIA) review process. Public hearings of the review were held in 11 different communities beginning Oct. 30, 1989 and ending Dec. 15, 1989 (Alberta-Pacific Environmental Impact Assessment Review Board, March, 1990).

Ellis, a staff writer of the *Edmonton Journal*, describes the public's increasing awareness of the Daishowa project. She compares the different reaction of the community and environmental groups toward the Daishowa project and the Alpac pulp mill project:

*The Daishowa mill did not stir such a debate. The Peace River project was announced and there were some talks, but when the Alpac was announced, the people in the area were well organized to challenge it. There were Friends of the Peace, but they were very small and not as well organized as the Friends of Athabasca which opposed the Alpac mill (Ellis, 1992).*

It appears that Daishowa interpreted public indifference as acceptance and was not prepared for the emergence of environmental groups which would raise a number of environmental issues surrounding the pulp mill project. Nor did Daishowa predict that the community residents would be stirred to action by the activity of environmental groups.

Because any issues related to aboriginal groups are very critical in North America, especially in Canada, they need to be understood and taken into consideration. There is a question whether Daishowa had a sufficient understanding of and sensitivity to the importance of aboriginal issues in Alberta and the country as a whole, despite their having background information available.

It is doubtful that Daishowa had predicted that the Lubicon Lake Band would seriously get involved in the Daishowa project. Daishowa and the Alberta government claimed that no questions

were raised regarding the Lubicon Band's land issues through the series of public meetings held by Daishowa throughout October and early November, 1987. No questions were presented, even at a meeting with representatives of Improvement District #17 West Council where the members of the Lubicon Lake Band reside (Alberta government, Premier's office, 1988). In the end, it seems that Daishowa depended too much on public meetings for information about its operational environment.

**Were there sufficient, appropriate, and timely communications with all groups concerned from the beginning?**

The community, environmental and aboriginal groups are major actors in Daishowa's operating environment, with different and sometimes conflicting interests and concerns regarding the Daishowa project. The timeliness and effectiveness of Daishowa communication activities with these groups are discussed.

It seems that Daishowa's communication strategies emphasized the public meeting conducted in the fall, 1987 as the main vehicle for public input. This strategy had some deficiencies. There are claims that the public was not given enough opportunity to assemble information and provide input to the project. Mr. John Sheehan, Chairman of Friends of the Peace, said the public meetings in 1987 were more or less an introduction to the project. They heard no

more about it outside the Peace River area until announcement of mill construction in February 1988 (Sheehan, 1992). Similarly, the chairman of the Edmonton Recycling Society, Mr. Dave Hubert maintained that:

*When you start your project, do adequate consultation. In other words, don't try to bring them into the act after the decisions are made, and appear to be coping with them (Hubert, 1992).*

On the other hand, the Daishowa side claimed they made efforts to keep communicating with the public even after the public meetings in 1987, and before the announcement of the project (Crouse, 1992). Furthermore, Mr. Morrison, an official of Daishowa, recalls the meetings and says that getting the people to come out stirred very little interest: "I was involved in the construction of a railway spur, and we had a public meeting at the Peace River. Five people showed up" (Morrison, 1992b). To comply with the regulations of the Alberta government (Morrison, 1992b), the public meeting was announced in newspapers.

There is some disagreement about the nature of public involvement in major projects. Mr. Sheehan, Chairman of Friends of the Peace said,

*The public should have spent a couple of years at least going through the process in terms of what we want to do with our province, where and how to do it (Sheehan, 1992).*

Overall Daishowa did not seem to have efficient communication strategies, particularly in the early stages of the pulp mill project. However, at a later stage, Daishowa's tour and open house programs appeared to be effective in reducing some uncertainty on the part of residents and opened communication channels between the company and the community. Unfortunately these were possible only after the pulp mill started operation.

With respect to environmental issues, it is questionable that Daishowa had effective communication plan. As mentioned in the previous section, Daishowa did not appear to foresee the environmental activism and did no more than minimal communication activities such as sending information to existing groups. The communication with environmental groups will be analyzed in greater detail in the subsequent section of environmental risk communication.

The effectiveness of Daishowa's communication with aboriginal groups is questionable. At a public meeting in Fort Vermillion, on November 3, 1987, a consultant to Daishowa said "Daishowa has not made contact with all Indian groups yet, but plans to do so" (Simons, 1987b). Mr. Stu Dornbierer, Human Resources Manager of Daishowa Pulp Mill mentioned that Daishowa officials from the head office in Vancouver had several informal meetings with some Indian bands and Metis organizations even before a public meeting with the aboriginal groups in July, 1988 (Dornbierer, 1992). No records were

available to the researcher to check out the frequency, dates or substance of these meetings.

From the aboriginal group's point of view, Daishowa's communication with them was, at best, marginal. An official of Indian Affairs said there was no time or opportunity for any real communication with the aboriginal people because of time constraints for agreement negotiations between Daishowa and the government (an official, 1992). Chief Marcel of the Chipewyan Indian Band which joined the suit against the federal government observed, "They (the federal government) say it's all been done, but nobody consulted us" (*Record-Gazette*, March 28, 1990). An expected "Aboriginal Resource Development Group" has broken down in the process.

There seems to be several reasons for inadequate communication between Daishowa and the aboriginal people. One is the inherent difficulty with the general category of "aboriginal people". Aboriginal groups live on their own reserve lands which are scattered, with each group having different customs, living conditions and interests. Because each band has its own territorial arrangements with the federal government, it is difficult to negotiate with them as one unified group<sup>1</sup>. Also, it is important to understand that they live in different social and economic systems. They do not have many of the structures that are common in other societies. An

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<sup>1</sup> The recent Charlottetown Accord constitutional process illustrates this difficulty, with Indian groups on reserves voting against the accord and against the negotiated position for self-government.

official of the Native Service Unit of the Alberta government, an aboriginal member himself, observed:

*In the native communities, the communication link between businessmen and private industries like Daishowa, is not yet totally connected. Aboriginal businessmen and Daishowa didn't really communicate. Non-native communities have organizational communication links such as the chamber of commerce. Native communities have no chamber of commerce (an official, 1992<sup>1</sup>).*

There are other cultural differences. From the aboriginal people's point of view, public meetings have a different significance. This same official of Native Services of the Alberta government commented that the public hearing process did not always work for aboriginal people because their ways of communication and decision-making differ from non-native communities. Aboriginal people communicate informally, not necessarily through organized meetings. By sitting down and spending time together, they develop personal trust and communication is developed on this trust. It is "a consensus approach", and there is no time constraint to resolve the issue. Secondly, leadership and decision-making systems operate differently. Many communities have both elected, formal leadership and the real, hidden leadership. Informal leaders such as elders, a traditional chief or head, usually have far more control in the community than the formal leaders. Another difference is language.

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<sup>1</sup> This official insisted on anonymity.

Many English words, such as constitution, pulp mill, and forest management plan do not exist in Cree (an official, 1992).

Moreover, in order to discuss environmental protection with aboriginal people, it is essential to understand their values. The following comment is useful to understand the aboriginal people's view of nature and their concern for the development project. One interviewee from the Native Services explained:

*Aboriginal people surely have concerns about the environment. You have to understand the view of the aboriginal people. Environment, Mother Earth is part of you. You are only here as care-taker of the Earth. The Mother Earth provides food for you, you have to care for her. In that respect, there is a violation of fundamental principles that aboriginal people are opposed to (an official, 1992).*

Interestingly, this need to learn cultural differences for better communication was also recognized by an official of Daishowa. Mr. Morrison observed:

*In terms of communication problems, perhaps there is some learning process going on about cultural issues. There is more work to do to understand the native culture and appreciate them. I think that some of the miscommunication comes from that. Meeting style, decision-making and communication style are different between aboriginal groups and North Americans and those are problems. We have to do some work on it ourselves. There is an opportunity there that we can explore in the future (Morrison, 1992).*

### Communication with the Lubicon Lake band

The communication problem of Daishowa with the Lubicon Lake band is more than communication with one of the aboriginal groups. The controversy between the Lubicon band and Daishowa commenced when the Alberta government announced that the logging rights of the forest of northern Alberta were going to Daishowa for its pulp mill. The area included the unsettled land claimed by Lubicon band for their reserve which is the fundamental reason for a series of disputes. The Alberta government says that the Daishowa pulp mill project is not in conflict with the proposed Lubicon Lake band reserve, based on the statement that the 25.4 sq. miles offered by Alberta as a reserve in 1985 would be excluded from the Forest Management Agreement area<sup>1</sup> (Alberta government, 1988). Daishowa's position is in accordance with the government: the construction of the pulp mill, as well as Daishowa's Forest Management Agreement, would not affect the land claimed by the Lubicon (Morrison, 1992b). Daishowa also states the land claim must be resolved between both levels of government and the Lubicons, because Daishowa Canada cannot do so (Daishowa, Feb. 1991). Mr. James Morrison, general manager of Daishowa Edmonton office said that Daishowa has done everything within its power to encourage a settlement of the Lubicon land claim, including calling upon the

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<sup>1</sup> The Forest Management Agreement officially signed in Sept. 1989 excluded the 94 sq. miles of reserve land agreed to at the Grimshaw Accord in October 1988 (Daishowa, 1991).

federal government to give this issue the highest priority (Morrison, 1992a).

Since the first meeting in March 1988 with Chief Ominayak, Daishowa has not had any effective communication with the Lubicon Band. This hostile relationship was not created by Daishowa, according to the *Record-Gazette* editor, Mr. Fred Rinne:

*I don't think it is a problem with Daishowa but I think it's the problem of the Lubicon and their strategies, because the Lubicon do not want to talk to Daishowa and not the other way around. Right now, the position is that the Lubicons don't want Daishowa logging on their claimed land, 'period'. They are not really interested in negotiating, or getting involved, or anything. There can be no communication when a barrier is set up by one party (Rinne, 1992).*

However, in the fall of 1991 the Lubicon Lake Band escalated their land claim activities and led a boycott of Daishowa's paper products. Mr. Paul Armstrong of the Northern Light supports the Lubicon's position:

*They (Daishowa) lied to these people (Lubicons). They made a statement of not cutting the Lubicon land until the Lubicon land claim is settled by both federal and provincial government. But they are still threatening to do it (Armstrong, 1992).*

Based on the above claim, the boycott was initiated by native rights organizations and environmental groups (Appendix 2). On Daishowa's behalf, Mr. Morrison strongly claimed that Daishowa's logging activities have not even commenced on the east side of the Peace River, where the Lubicon's traditional land claim area is

located. He added that a national boycott of Daishowa consumer products on the grounds that Daishowa threatened the lives and well-being of the Lubicons did not make sense (Morrison, 1992b). However, the boycott attracted the attention of the public and frustrated Daishowa. "They want to use us as an industrial hostage, a sort of black mail to ask the federal government for more money", Mr. Morrison (1992b) observed. An editorial comment states the Lubicons have chosen a high-profile, foreign-owned corporation as a means of keeping the land claim issue in the public eye, of applying pressure on governments to get the best offer (*Edmonton Journal*, Oct. 12, 1991). From that point of view, Daishowa was put in a difficult, no-win position.

The fundamental problem is the unsettled land claim, and the escalated Lubicon strategy does not provide opportunities or incentives for Daishowa to restart communication. Through the interviews, it would appear that the discord between Daishowa and the Lubicon is a problem that could be resolved only by the settlement of the band's land claims with the governments (Ellis 1992; Hubert 1992, et al.). However, there is a revealing comment by the Executive Advisor of Consulate General of Japan, Dr. S.J. Igarashi, also an ex-consultant on native affairs:

*Even when the land claim is settled, it may not be easy to create a productive relationship between Daishowa and the Lubicon Band, because there still remain different perspectives regarding the concept of 'land' between Indians and non-Indians (Igarashi, 1992).*

The communication problems with the Lubicon band raises questions about the feasibility of an effective relationship between both parties. In some way, Daishowa's presence and the ensuing public controversy provides a convenient forum for the band to air its grievances.

### **What communication efforts were directed at addressing environmental risks?**

Because the Daishowa mill is a kraft pulp mill, the environmental risks regarding air and water quality which directly affect people's health is a critical issue for Daishowa and its interest groups.

The contradictory views of Daishowa and the environmentalists about environmental protection are not easily resolved. Daishowa's position has been consistent with their original commitment to equip the pulp mill with the Best Practical Technology (BPT) required by Alberta Environment, under the condition that the costs of installing and operating modern equipment would not unduly impair the economic viability of the mill (Simons, 1987a; Hamaoka, 1991). Those new technologies include oxygen delignification, chlorine substitution, and extended delignification for effluent discharges. (The extended delignification was originally planned to be installed after the operation started but was rescheduled to be installed from the beginning.) As well as incorporating those technologies at the mill, Daishowa instituted a detailed monitoring program to ensure

that Peace River water quality, fisheries and downstream users are protected (Hamaoka, 1992). Also, odor emission was expected to be kept low with modern low odor technology, although it was predicted that, under certain wind conditions, odor would be noticeable in the town of Peace River (Simons, 1987b).

Communication about the odor problem is an example of environmental risk communication. Because the pulp mill is located in a river valley, an odor problem is unavoidable under certain weather conditions. This fact was made public at the public meetings in the fall of 1987. In a brochure about the air quality issue, company efforts were referred to as "among the strictest air emission controls of any kraft pulp mills in Canada". It also described an "emphasis on minimizing detectable odor" (Daishowa, August, 1989). However, the potential odor problem was not addressed more fully until a foul odor was actually noticeable in November, 1990. After the fact, Daishowa communicated the facts to the public, while doing a follow up study to find an engineering solution to reduce or eliminate the odor. For example, the company bought an ad about the odor problem in the *Record-Gazette*, on March 13, 1991 (Appendix 3). Mr. Wayne Crouse, Communication Coordinator explained Daishowa's position.

*What we have done, first of all, is we have taken out ads in the Record-Gazette and explained why and what we are doing about it. 'We are working on it, please bear with us.' The important thing was assuring people that while this is very offensive, it's not a health problem. We try to educate people. I think we've got some trust (Crouse, 1992).*

Daishowa initiated an odor monitoring program which asked people in different parts of town to volunteer as odor detectors for the plant in March, 1991 (Crouse, 1992). The volunteers were expected to help find the source by comparing the actual smell with the sample scents associated with pulp mill operations, because the smell is so subjective and each individual tends to have a different description of the scent (*Record-Gazette*, March 27, 1991).

It was important to note that the company tried to open communications with local people about the odor problem by involving them in the odor monitoring process. However, there is a question of the timing of the communication.

Environmentalists are skeptical about the environmental standards of the Daishowa project. For example, there is some doubt about the scientific studies conducted for environmental assessment. The consulting companies were commissioned by Daishowa and the public was told the result afterward. "Scientists can be bought" says Mr. Armstrong of Northern Light (Armstrong, 1992). Mr. Sheehan commented: "It was supposed to be an independent company doing the studies in advance, a proper study with public input" (Sheehan, 1992). Environmental groups demanded far stricter environmental protection measures than Daishowa's standard. This became the focus of a major dispute. The *Edmonton Journal* staff writer who writes exclusively about environmental issues, Ms. Erin Ellis, commented,

*Even though Daishowa is using a chlorine dioxide substitution in its bleaching process, environmental groups are promoting chlorine-free paper products. Chlorine dioxide substitution would not meet their criteria. Until the company switches over to a non-chlorine bleach process, the environmentalists will still be concerned with their effluent (Ellis, 1992).*

This view is supported by the following comments of the representatives of environmental groups. Mr. Sheehan of Friends of the Peace recalled the first meeting with Daishowa officials in June, 1989 and criticized Daishowa's position:

*They told us they were comfortable with their technologies and they can't use other technologies. 'Our consumers demand these technologies, so we have to have a bleached pulp mill', which is not true. They also said that the mill can't make chlorine-free products, which is untrue. They can, if they don't bleach it. Plus, there are other bleaching alternatives. So the meeting was not productive in terms of changing anything (Sheehan, 1992).*

The same communication problems around environmental risk existed between Daishowa and aboriginal groups. Mr. Jim Webb, Band manager of the Little Red River Tribe, which joined a legal action to stop the province from issuing Daishowa a licence to operate was quoted as follows:

*We've been talking with the province and the federal government and Daishowa for one and a half years, telling them consistently that their (environmental impact assessment) process was inadequate, that it didn't adequately address air and water issues or the cumulative impact of existing mills and this mill dumping in the river. Nor did it address forestry options (Record-Gazette, Dec. 13, 1989).*

Mr. Webb claimed that communication efforts have been unsuccessful in getting the band's concerns across. The band is hoping to get every mill on the Peace and Athabasca rivers to cut the discharge levels of harmful chemicals to zero (*Record-Gazette*, Dec. 1989).

A point of contention, however, is whether the zero discharge levels are realistic. The position of the Alberta government is that it is not yet technologically possible to eliminate chlorinated organics in a bleached kraft pulp mill. If bleaching were stopped, it is technically possible to eliminate harmful chemicals to zero. Even if bleaching is not stopped, the recent technology of using 100 percent substitution of chlorine with chlorine dioxide will substantially reduce the formation of chlorinated organics<sup>1</sup>. However, the technology would work based on currently limited operation and pilot scale application (Mackenzie, 1991b). It remains a dilemma for a corporation to balance economic viability with social responsibility.

The forest management agreement between Daishowa and the Alberta government has raised similar environmental issues. Naturally, the public, especially environmentalists, are more concerned about the destruction of wildlife and the loss of natural

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<sup>1</sup> For example, Alpac (scheduled for completion in 1993) proposed complete substitution of chlorine use, and the permission of chlorinated Organics is about 0.31 kg per tonne of pulp produced; it is 1.4 kg per tonne for Daishowa (Mackenzie, 1991b).

resources (Sheehan, 1992; Hubert, 1992). Daishowa's position is that they are practicing logging and reforestation based on sustained yield. However, the fact that there is no precedent and no tested regulatory procedures on how to manage and sustain the forest resource of northern Alberta (Igarashi, 1992) attracted many opinions about forestry resource development and protection. This continues to expand the communication gap between Daishowa and interest groups with differing opinions.

A good example is the dispute regarding a logging practice called "clear-cutting". There are public concerns and conflicting opinions about clear-cutting in Alberta's northern forest. Daishowa is not an exception in being targeted by environmental groups for clear-cutting. Some environmentalists claim that "The biodiverse mosaic of Alberta's northern mixed boreal forests will be lost if clear-cutting continues" (Alberta Report, Feb. 3, 1992). Against the criticism from the environmental groups, Daishowa issued a news release in winter, 1990, on "Why Clear-Cutting is not a Dirty Word" which clarified misconceptions about clear-cutting from the company's wood resource management point of view. In it, Daishowa claimed that its harvesting system would be "patch cutting", in which cut patches are restricted in size and location. Also, today's patch cutting combined with other forest management techniques ensures more diversity (in terms of species, age classes, etc.) than would be found in an old growth stand (Daishowa, winter, 1990).

It is obvious that a gap between the corporation and environmentalists regarding environmental risk provides primary ground for their disputes. What is worse, these controversies based on incompatible opinions have led to a deep distrust between Daishowa and environmentalists. Mr. Armstrong of Northern Light commented,

*I think the problem here is not a lack of communication or proper communication but they won't communicate with any form of the truth. They bend the truth to suit the corporate agenda. PR people are lacking in credibility and are less than honest. If you tell a half truth, it is bad enough. If you keep repeating it in public and the press, people start believing it. We had this kind of propaganda during the wars (Armstrong, 1992).*

Eventually, distrust and antagonism blocked communication channels between both parties. The Executive Advisor of Consulate General of Japan, Dr. S.J. Igarashi commented:

*There is an antagonism between environmentalists and Daishowa at the moment. Environmentalists are emotionally opposing Daishowa, and Daishowa is taking a stand from their business point of view. Unless the two parties recognize the need for closing the existing gap between them, scientifically and socially, and act accordingly, we all lose, not just them (Igarashi, 1992).*

Daishowa's communication strategy has been to emphasize the benefits that the company has brought into the area, especially economic benefits. Daishowa is confident it is helping to diversify the economy in Alberta. Daishowa's position is expressed in their

news letter titled "Mill Helping Boost Economy" (Appendix 4<sup>1</sup>) and in a keynote speech by Mr. Hamaoka, Vice-president of Daishowa Canada on October 9th, 1991.

*I don't believe it would be an exaggeration to say that the development of the Peace River pulp mill has been one of the most significant investments made to diversify the economy of northwestern Alberta. By pioneering the utilization of previously uneconomic hardwood forests, the mill is providing a new source of economic development and stability. The manpower requirements of the mill have created significant new employment opportunities among the local labor force. Local communities in the area have benefited and continue to benefit from our residential housing initiatives, from the increased population and the enhanced industrial property tax base. And, as a state-of-the-art facility, the mill is able to generate these various socioeconomic benefits while adhering to some of the most rigorous environmental standards in Canada (Hamaoka, 1991).*

It may be the community leaders who most recognized the economic benefits. Mayor Procter of Peace River observed:

*I think the most important impact was economic. The fact is that the new area of the economy is in forestry. We had been in agriculture and oil and gas in the past, and all of a sudden, we had forestry. It was a pretty good stable contribution to the economy and a \$22 million payroll in the size of our town was very, very beneficial (Procter, 1992).*

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<sup>1</sup> This news letter was produced in January 1992, and mainly distributed for the people who attended the tour of the company (Crouse, 1992).

This view is not shared by environmentalists who are much more critical about the inaccurate economic prediction. Mr. Sheehan of Friends of the Peace commented,

*My taxes were increased 30% over the past two years because of school expansions that the false expectation created, and the community's anticipation of economic benefits never happened. They create jobs and provide some amount of economic benefits. ... (However), the profit, to a large extent, goes to Japan, some go to Edmonton from the original contract of building the mill (Sheehan, 1992).*

Quite a few people claim that Daishowa's interest is only maximization of profit, that they do not care about social responsibility (Armstrong et al., 1992). The public at large and environmentalists more likely perceive the economic and environmental risks for Alberta and Canada as a whole rather than economic benefits that they hardly gain. Edmonton Recycling Society chair Mr. Dave Hubert observed:

*What is happening is that instead of maximizing economic development for the people in Northern Alberta, Daishowa is maximizing their profits for their own sake. And making the full use of resources in the process (Hubert, 1992).*

The criticism is not only aimed at Daishowa but also at the government which authorized the company to operate in the area. The public seems to mistrust regulations by governments. They do not trust either governments or industries because of past experience with credibility questions. Mr. Sheehan, chairman of Friends of the Peace, declared that "The people are lied to so many

times by the government, and by industries as well" (Sheehan, 1992).

Dr. Igarashi of Consulate General of Japan is rather skeptical about these statements and commented:

*Their view may reflect the sentiments of the general public, but are somewhat simplistic. They fail to see the complexity of business operations. For instance, Daishowa is operating at a huge loss at the moment, close to one hundred million dollars a year, in fact. The company must persevere for months or even years to come. No 'Profit is going to Japan', as yet. In any case, unless a company becomes profitable, there is no benefit to any of us (Igarashi, 1992).*

Criticism of provincial and federal environmental regulations resulted in legal cases over the Daishowa pulp mill. Daishowa is not a principal in any of these actions. However, as Mr. James Morrison of the Edmonton office recognizes, the cost of participating in these legal cases is very high in monetary terms, and in terms of time and the required public relations effort (Morrison, 1992a).

There is a question about the morality of industrial activity under the umbrella of the law to do what they like. Mr. Armstrong, understanding that governments, not just corporations, need to have responsibility for environment protection, commented:

*The pollution of rivers reflects a lack of regulation by the federal or provincial Environmental Ministries. It is not Daishowa's main fault, but as a good corporate citizen, they could be a little better at what they are doing. We are talking about the morality of polluting a river, destroying the habitats and wildlife, and ecosystems. That's immoral to me. You have to have responsibility (Armstrong, 1992).*

Dr. Igarashi, the Executive Advisor of Consulate General of Japan showed his insight and said,

*At this moment, Daishowa is operating well within the regulations set forth by the government. There is, however, no guarantee that these measures alone will protect the environment. There are just too many unknown factors for us to fully comprehend our northern ecosystems. Daishowa, as a good company, needs to spearhead the environmental protection and preservation in the north, even to the point of leading the government. Daishowa could contribute to the society in this fashion because it is the pioneer of the forest resource development in the northern Alberta. If properly done, it would increase the credibility of Daishowa (Igarashi, 1992).*

Some people suggest that Daishowa's less-than-socially-responsible activities may be detrimental to their overall operation in the long run. Mr. Sheehan of the Friends of the Peace maintained:

*If you don't consider the long term implications, environmental and social, you are going to be targeted and end up with no products to sell (Sheehan, 1992).*

The following comment of the Chairman of the Edmonton Recycling Society, Mr. Hubert, emphasized the interconnection among social, environmental and economic factors:

*For the long term, both Daishowa and Mitsubishi (another Japanese company investing in a pulp mill project) have inadequate development strategies, from the environmental, social and economic perspective. Eventually, you can't separate economics from social and environmental issues. That is the recipe for disaster. If we don't maintain an adequate environment, both physical and social, we will become very destructive (Hubert, 1992).*

The question is whether Daishowa successfully designed communication strategies to address environmental risks. What did Daishowa do to break the deadlock in communications with environmental groups? Dr. S.J. Igarashi of the Executive Advisor of Consulate General of Japan commented:

*Daishowa and environmental groups have different perspectives, so that it is difficult for them to communicate. It is necessary for both parties to recognize that there is no precedent in the north of operations of this magnitude. They must find the ways and means of protecting the environment together, and at the same time, to promote the development of the area. 'Development' and 'environment' are not mutually exclusive terms, but can be consolidated (Igarashi, 1992).*

Environmental groups also want a meaningful dialogue with Daishowa. Mr. Armstrong of Northern Light commented:

*I would like to see that corporate people and environmentalists get together. But we are not going to be bought out. The corporation has got to prove to us that they are going to be a good corporate citizen before we are going to talk to them. So far, we are getting lies. We are getting pollution (Armstrong, 1992).*

There is a valuable suggestion from an official of Native Services for a way of cooperation with aboriginal people. Although he was referring to communication with aboriginal people, the same principle can be applied to the communication with environmental groups.

*You have to deal with aboriginal people's concerns by involving them in the process. One has to get off thinking that 'we are*

*doing this for you, do not worry about that.' You have to actually involve people, otherwise they don't trust you. If you are doing environmental studies (i.e. testing and sampling), you should involve them. In that way, they know that it makes sense (an official, 1992).*

Daishowa official Mr. Morrison made a comment about Daishowa's strategy to work with environmental groups: Daishowa and the forestry industry in general try to sit down together with environmental groups in round-table style to find common ground. He notes that the agenda of environmental groups has changed from stopping the operation of the pulp mill to reducing pollution, which is a more accommodating and constructive approach. The environmental groups have seen that legal actions do not always work with corporations. It is more effective to focus on a change of attitudes (Morrison, 1992b).

This may be an opportunity for Daishowa. It is ironical that the defeat of environmental groups in legal cases may draw two parties together. The environmental groups indicate a willingness to communicate. Daishowa needs to take this opportunity to begin communications that can lead to mutual understanding and reciprocal change, not to take advantage but to demonstrate the company's social responsibility as a good corporate citizen. The challenge is for both the company and environmental groups to co-operate through communication in a real sense.

Was there sufficient understanding of the company's image? Were adequate communication strategies used to deal with communication problems?

The image of a company results from a variety of factors such as news releases, media coverage, personal experience or stereotyped generalizations. The image, to a certain degree, reflects the success or failure of communications between the company and the public; the management of issues influences the image. Some images were produced by the messages from Daishowa; others were produced by factors over which Daishowa did not have direct control, such as media coverage. This section describes the images of Daishowa and how they were produced. Second, Daishowa's communication strategies with the media, which have primary influence on corporate image, are analyzed.

Daishowa had to struggle with a negative corporate image, whether they wanted to or not, because of a series of disputes with interest groups. For example, the *Edmonton Sun's* headline regarding the announcement of the pulp mill construction in February, 1988: "Japanese get land claimed by Lubicons" (quoted in Goddard, 1991, p. 166) is assumed to have negatively affected reader perception of the company, even though the article was aimed at the Alberta government which announced the sale of logging rights over the area, including unsettled land claimed by Lubicon Lake band

(Goddard, 1991, p. 166). This is an example of media imagery over which a corporation has no control.

When Daishowa is called "foreign-owned (Japanese) mega-corporation" (Alberta Report, Feb.3, 1992), an immediate image is created in the mind of the reader. Mr. Sheehan of Friends of the Peace said Japan's very poor environmental record around the world, from fishnet fishing, to whaling, and to deforestation in the third world results in an overall negative image (Sheehan, 1992).

More important, the fact that Daishowa is one of the financially powerful Japanese corporations scares the Canadian public. Sheehan said: "It is not because they are Japanese; it is because they are large and powerful" (Sheehan, 1992). There is a belief that large foreign companies will ravage the province's forestry resource. Native-rights supporters, environmentalists and nationalists were especially opposed to foreign ownership of natural resources (Goddard, 1991). The existence of another kraft pulp mill project in Athabasca, also based on Japanese investment, exaggerates the effect of Japanese investments in Alberta:

*Two new big projects are Japanese-backed. Canadians are selling their resources too cheaply to companies which take their profits offshore, even though they provide jobs here. That argument has been quite strongly made by environmental groups. If we are going to exploit the forest resources, they would rather see it done on a smaller scale and by local companies rather than huge scale multinational companies (Ellis, 1992).*

Dr. S.J. Igarashi of Consulate General of Japan shares this opinion:

*If Daishowa were not one hundred percent Japanese investment, the situation could have been different. It is not a racial problem, but rather an emotional issue of Canadian people who like to do it on their own. Let's face it, none of us, not just Canadian, want to be dominated by foreign capital (Igarashi, 1992).*

However, Mayor Procter as community leader disagreed:

*I don't think it matters particularly whether it is off-shore investment or not. Obviously, we would like to see as much local investment as possible. But if that local investment is not there, then it is going to come from somewhere else (Procter, 1992).*

In addition to the resentment against foreign investment and questionable benefits that Canadian people get from the project, there is also fear that foreign companies are not as responsible as local companies. "Daishowa is not sensitive enough to local concerns or outcries of the public as long as they get cheap pulp; it's their main concern. The people who purchase the products are overseas," according to Mr. Sheehan of Friends of the Peace (Sheehan, 1992).

The profile of Mr. Ryoei Saito, the former chairman of Japanese Daishowa Paper Manufacturing Co., also may have affected the company's image. He was portrayed as a profligate spender who paid \$160 million US for van Gogh and Renoir paintings and threatened to have them burned with him when he died (*Edmonton Journal*, Sept. 6, 1991). The representatives of Friends of the Peace and Northern Light, both criticized Mr. Saito's conduct as

irresponsible. They think that Daishowa could have spent the money for a more adequate environmental protection system (Sheehan, 1992; Armstrong, 1992).

Finally, certain negative images were invoked around the environmental issues. Several legal cases, even though Daishowa is not a principal in any of these cases, definitely affect the public image of the company. Reports suggest that Daishowa was planning to destroy the forests of northern Alberta by clear-cutting vast stands of timber, leaving devastation and destruction in its wake (Morrison, 1992a). Clear-cutting, a method of harvesting trees, is a word which induces negative images with the public. These had been formed in part by clear-cutting in neighboring British Columbia and pictures of damaged forest areas in the province. In Daishowa's case, some environmentalists displayed bumper sticker message: "Save the Japanese forest, clear cut Alberta" (Hubert, 1992). The slogan brings together the resentment against foreign investment with the destruction of clear-cutting.

Further, when the word "clear-cutting" is associated with a series of disputes with the Lubicon band, it appears to increase negative public perceptions: the company is clear-cutting on disputed traditional areas of an Indian band. The boycott of Daishowa's paper products by supporters of the Lubicon expanded the negative image of the company across the nation. It was unfortunate that Daishowa was caught in a no-win position with the Lubicon band. It is clear that corporate image, especially negative images, are created by the company's management of issues and of actions by others or of

situations over which the company has little control. Both environmental issues and the Lubicon band land claim issue affected public perceptions significantly.

Because the company images are not always related to a company's performance, it is important to consolidate relationships with the media which, as intermediaries between the company and the public, substantially influence public perception of the corporation.

In comparison to environmental groups which are well positioned to garner effective publicity, Daishowa's public relations activities appear weak (*Record-Gazette*, March 28, 1990). Daishowa was criticized for its virtual silence on matters of ongoing public concern such as logging plans on land claimed by the Lubicon Lake Band. Daishowa's position with respect to the Lubicon situation was consistent. Mr. Tom Hamaoka, Vice-President of Daishowa Canada said:

*Rightly or wrongly I have taken the position that responding aggressively or trying to engage in a public debate through the media is no way to solve this serious problem. Our actions, we believe, have demonstrated and will continue to portray sensitivity to the frustration of the Lubicon people (Hamaoka, 1991).*

This policy, however, eventually led to a loss of public confidence as was criticized in an editorial of the *Edmonton Journal*, September, 1991: "Daishowa chooses not to explain and defend its actions. It

simply allows others time and opportunity to attack them”  
(*Edmonton Journal*, Sept. 28, 1991).

Mayor Procter of the town of Peace River observed:

*I sometimes feel the company is unfairly treated by environmental groups and the newspapers. I wish the company would be more vocal. I remember that in some of the early days when a lot of protests and condemnations came against Daishowa, Daishowa didn't fight back. Very often the media take what they want out of what Daishowa says and turn what could be a positive story into a negative story. We face that all the time with the media, not so much in Peace River but in Edmonton, and the national media (Procter, 1992).*

Mr. Morrison of Daishowa recalled the company's ineffectiveness with media relations in the early stage of the process, because they did not respond aggressively to defend themselves (Morrison, 1992b). Examining the reason for their reserved attitudes toward the media, Mr. Morrison added,

*The difficulty is that there is a difference between the preferred company image in Japan and in Canada. In Japan, Daishowa has kept the image low-profile, and suddenly in Canada, the company started to have a bad reputation. It was a new experience and we did not adequately address ourselves to the public in Canada. In Canada, we should have said more and corrected a lot of errors of the company. If we keep quiet, we create the impression that the allegations are true (Morrison, 1992b).*

On the other hand, the credibility of the media was questioned by company officials. Mr. Morrison, General Manager of the Edmonton Office:

*For us (Daishowa), it is a very frustrating issue, because we are so badly reported by the media. Only a few people in the media reported the true story. They don't necessarily lie. A reporter says 'I didn't say it.' As long as a reporter quotes someone else, he does not have to accept the responsibility for it. That's been part of the problem (Morrison, 1992b).*

Mr. Morrison of Daishowa claimed the current communication strategy is to be very aggressive with the media. False information is promptly challenged (Morrison, 1992b). To improve the relationship with the city papers, Daishowa officials met with the editorial board of the *Edmonton Journal*, the *Edmonton Sun*, and the *Calgary Herald* in early 1992. Daishowa believes the company is earning the respect of journalists, as indicated by their prompt and timely correction of errors that are brought to their attention. The paper will usually provide a correction the following day (Morrison, 1992b).

Dr. Igarashi has seen some improvements in recent months, but still expressed his serious concerns:

*After maintaining a complete silence for almost two years, Daishowa started taking some initiatives in dealing with publics. As a result, there is a considerable improvement in public perception of the company nowadays. Nonetheless, Daishowa will continue to have some difficulties, especially with the Lubicon Band in conjunction with timber rights. Cross-cultural communication can be insurmountable (Igarashi, 1992).*

#### IV. Summary

The major actors who have communication links with Daishowa are the federal and provincial governments, community, aboriginal, and environmental groups. The role of both governments is to authorize Daishowa to operate a pulp mill. The community, aboriginal and environmental groups have diverse interests in the project. These are the groups with whom Daishowa needs to build communications bridges.

Communication strategies of Daishowa, such as public meetings, individual meetings, community relations, Public Advisory Committee, and media relations were analyzed. The company's community relations left much to be desired but a recent effort by Daishowa to improve relations with the community was at least a step in the right direction. The Public Advisory Committee initiated by Daishowa has potential as a public communication vehicle for the future.

Communication problems raised via interaction between Daishowa and various publics were examined in the following categories: environmental monitoring, communication strategies, environmental risk communications, and public perceptions of the company's image. The question is whether Daishowa had enough understanding of, and sufficiently monitored its operating environment to plan effective proactive communication strategies. That is, did Daishowa understand that its pulp mill project would or could provoke potential issues which could activate public concern ?

For example, it is difficult to understand why Daishowa did not recognize or predict the emergence of environmental groups and failed to take countermeasures to discuss potential issues with them.

Next, did Daishowa effectively communicate with all interest groups in timely fashion ? There were several problems in the methods that Daishowa used to communicate with the publics, especially with aboriginal groups which have different values and cultures. That these groups did not share similar motivations or expectations made the situation even more complex for the company.

Daishowa's environmental risk communications needed to address two issues: water and air quality and forest management. No universal set of regulations to protect nature has so far been designed, the basis of all the controversy. Daishowa and environmental groups are in discord because of conflicting perspectives on environmental issues. Daishowa claims they are operating under governmental regulations. However, Daishowa was criticized for not demonstrating sufficient social responsibility over and above the regulatory requirements. The distrust and antagonism between them block communication. The key is to find common ground; the goal is to understand each others' position and resolve their differences.

Daishowa has been described as a foreign-owned mega-corporation, stealing the resources of Alberta. This negative image is created by the intersection of various public issues. How Daishowa managed issues such as environmental risks and the Lubicon land claim is reflected in the aggressive and self-interested image

underlying the bumper-sticker message, "Save the Japanese forest, clear cut Alberta". What was clearly required of the company was and is to be, a socially responsible corporation, and this could only be achieved via socially responsible efforts.

## Chapter VI

### Conclusion

This final chapter integrates the data from previous chapters with the theoretical framework presented in chapter II. To reiterate, the fundamental research question in this case study was the following: What was the nature of Daishowa's public communication activities, what impacts did these activities have, and what lessons -- both practical and theoretical -- might be learned from this case ?

#### I. Summary of the Findings

This is a case of a multinational pulp-and-paper company investing in a natural resource operation in northern Alberta in the late 1980s at a time when the environment became a major issue. In this study, the company's public communication activities were described and examined in this social context. The important conclusions from the case study are summarized according to the following categories: 1) Monitoring the external environment, 2) Communication with key publics, and 3) The corporate image.

### **Boundary-spanning activities**

Boundary-spanning activities are the comprehensive communication activities of an organization with external publics. The concept covers a wide range of communication activities which facilitate the relationships between an organization and all those groups and other organizations that make up its social, political, legal, and economic environment. Accordingly, the activities integrate the traditionally labeled "public relations" functions with external activities such as developing an information-base on its environment. Features of the external environment have an important influence on the types and structures of boundary-spanning activities. The following aspects about the boundary-spanning activities of Daishowa, therefore reflect the interactive nature of a company and its operating environment.

#### **1) Monitoring the external environment**

One important finding in this case study is that Daishowa hardly engaged in any systematic environmental monitoring effort to develop an information base that is key to planning proactive and appropriate communication strategies. The strategies to some extent are dependent on the nature of the external environment and its degree of 'stability'. In a world where the context is "turbulent" (Emery & Trist, 1965), the environment is characterized by higher levels of complexity and uncertainty. Such uncertainty and complexity can be found in the economic, technological, organizational, urban, political, sociocultural, and ecological spheres

(Trist, 1980). Every aspect, individually and in combination, affects the survival of organizations which operate in this contextual environment. Survival depends on anticipation of events and predictability depends on accurate and timely information. A systematic strategy to monitor the environment -- through opinion polls or focus groups, systematic examination of media coverage, open channels of communication with key stakeholders -- increases its value to public communication activities and planning. Unfortunately, Daishowa fell short in this effort.

Social context understanding: What is required for organizations to be successful is to understand contextual issues and come up with proactive strategies before these issues become critical (Crable & Vibbert, 1985). In the Daishowa case, several communication problems appear to have been caused or complicated by not understanding the external environment as context, especially the growing environmentalist movement. Lacking this knowledge and awareness, Daishowa did not address these concerns except reactively. It was unable to use this knowledge and understanding in its promotion of the pulp mill project. One Daishowa official's comment is revealing: "I do not think that they (environmental groups) were prepared. I do not recall that they were approaching us formally" (Morrison, 1992b). This clearly illustrates that the company was waiting for something to happen before reacting. Grunig and Hunt (1984) maintain that "consequences create publics" (p.144), and in this situation, the publics were created and activated,

and dominated the public agenda. The local environment group, Friends of the Peace was formed precisely over its concern about the Daishowa project in June, 1988, about 4 months after the announcement of the pulp mill construction. The publicity of other pulp mill developments (e.g. Alpac) attracted the attention of the environmental movement which began to stir into action. By then, however, Daishowa had already proceeded with the construction without having laid the groundwork for establishing communication linkages with stakeholder groups in the environmental movement. Its disregard for high public interest in and attention to environmental issues became a liability in the company's public dealings. The importance of continuously assessing the social environment cannot be emphasized enough.

Identification of publics: A key element for organizational communication planning is knowledge of audiences or publics and their needs. Pertinent information will help to understand mutual differences, predict potential conflict, and to design options to respond pro-actively. The goal is "reciprocal change" (Everett, 1990, p.237) between the organization and interest groups.

Who were the key publics or key stakeholders of the pulp mill project ? The Daishowa pulp mill project would have an impact on a large area including local natural forestry resources and the air and water environment. This would affect the residents of Peace River and the surrounding area and, with diminishing effect, all Albertans. There is a body of opinion that the public outside the direct impact

area should also have been consulted (Armstrong, 1992). This illustrates the increasing complexity of public communications as it affects large projects. In this case study, the Peace River community, aboriginal groups and environmental groups were the primary stakeholders who were most directly affected, who, in turn, impacted the project by their reactions.

There is some doubt that Daishowa had a good understanding of the community, its residents and the company's place in the community. Community residents had varying degrees of anxieties over and expectations for the project. It is clear that Daishowa had no systematic information about public opinion in the region, which would have assisted their communication strategies. A non-scientific survey conducted by the *Record-Gazette* in March, 1990 gave some indication of public opinion (*Record-Gazette*, March 28, 1990), but this was hardly reliable. The quality of information gathered by Daishowa apparently did not reflect the range of public opinion on company operation.

Daishowa's relationships with aboriginal groups were more complex. Although a minority, aboriginal groups are an important interest group. They gained in power and influence in the context of human rights, with potential additional powers under a new constitution. It is important to understand them in the local, social and historical context. The Lubicon band's land claim is difficult to fully appreciate, especially for a foreign-owned company. Complex historical, cultural, and political issues are involved, with high emotional content. Conflict between the governments and the

Lubicon band is deep-rooted and long-standing. Having said that, the company could have educated itself on the issue. In this context, perhaps the Lubicon's attempts to take advantage of the existing publicity over Daishowa to press their own claims was understandable. On the other hand, other aboriginal groups such as the Whitefish Indian band were interested in an economic relationship with the company and appear to have benefitted from this relationship. At the very least, establishing a relationship based on trust with native groups was a process that needed a lot of time. It was time and effort that may well have been worth the company's while.

Interest groups should be understood in more than economic terms. The social and cultural context is, perhaps, even more relevant. Certainly, they are more likely to evoke emotional responses when ignored.

## 2) Communication with key publics

General communication strategies: The success of a company's public communication efforts is often seen from the perspective of its key publics. Daishowa's strategies to use public meetings as the only means to gather information about, and provide information to, the public failed to achieve the company's purpose. The panel discussion format, which permitted discussion by a few specialists and community leaders excluded participation by many members of the community. Comments from interviewees indicate those who attended the meetings did not have time and opportunity to digest

the company's information package and to prepare themselves to express their concerns. The public wants timely and sustained communication efforts which may not fit in with the company's timeline.

Establishing informal communication channels between the company and the community at the local level is always helpful. From that point of view, some communication strategies of Daishowa produced positive results. These included the plant tour programs and open house of pulp mills which were reassuring for local residents and eased their alienation by familiarity with company personnel. However, tour programs and open houses were not possible in the early stages of the project. This is where the early public meetings and other communication formats could have been more effectively used.

The odor monitoring program initiated by Daishowa involved participation by the local population to detect the odor source and assist the company in its efforts to control the problem. Again, timing is critical. Odor monitoring was initiated several months after the problem occurred despite the fact that this was a common issue among pulp mills. A focus group to get feedback on the company's community relations effort was initiated only in 1991. Clearly, the company's communication strategies have been characterized by defensive reactions instead of preventive and proactive strategies.

Communication between Daishowa and aboriginal groups failed to recognize cultural differences in communication styles, values and ways of life. Communications would have been greatly facilitated if

these had been observed in the beginning. When it became apparent that the Lubicon band was using the project to further its land claims appeal, the best strategy might have been to keep communication lines open with the band and to make public the parameters of the company's agreement -- that they would not extend their operations to the land claimed by the Lubicons.

Environmental Risk Communication: The study shows that Daishowa's major communication problems were derived in part from two areas of concern relating to environmental risk. Air & water quality and forest management practices in northern Alberta were two critical risk issues implicated in the Daishowa project.

Krimsky and Plough (1988) call risk communication in the social context as "tangled webs" (p.299) which exceed in complexity the simple sender/receiver interaction model. Various and conflicting risk information may be communicated from different sources in many forms (literal and symbolic, formal and informal, print and television). In such a tangle, it is nearly impossible for any one communicator or group to contain or solely control the risk communication process (Krimsky & Plough, 1988).

Daishowa relied solely on scientific data for its environmental assessment. Because there was no body of scientific information that would provide a level of assurance that would be acceptable to everyone concerned, it was difficult to find a starting point of agreement. The discrepancy between statements of the company and environmental groups heightened media interest, increased

distrust and antagonism, which eventually prevented progress in communications.

Krimsky and Plough (1988) emphasize the importance of understanding that there are two competing ways to interpret risk information: technical and cultural. The technical view of risk is based on scientific rationality by experts. It was this view -- and only this one -- which Daishowa considered. The cultural view, on the other hand, reflects the values of communities. Community residents use different indicators for assessing risk than industry or governmental professionals and scientists (Sherman & Gismondi, 1992). Daishowa emphasized the economic benefits of the project while environmental groups were concerned about environmental protection.

Environmental risk communication includes the need to communicate a sense of social responsibility. The disclaimer of further responsibility because Daishowa complied with governmental regulations does not go far enough to allay public concerns. The public wants the company to show initiative, to go beyond legal requirements, and to demonstrate socially responsible action. In doing this, Daishowa would have gained environmental credibility and public support. It is increasingly a challenge for a corporation to balance economic viability with social responsibility but it can be done.

At this difficult point in time, the question is how can Daishowa reenergize its communication efforts with its public constituencies ? The interviewees made some suggestions that seem to have merit. It

is necessary for the company first, to recognize that there are other legitimate views, not just the company's. Based on this knowledge and understanding, the company and its publics must then find common ground and mutual interests. Krinsky and Plough (1988) suggest that while technical and cultural views are different, they do not necessarily exclude each other. It is usually possible to find some points of intersection where mutual learning and adjustment may occur. The key is to find these points of intersection together.

This could be a first step for Daishowa's Public Advisory Committee to initiate a fresh basis for communication. The Committee is meant to include representatives of various key groups as members. Not surprisingly, there exist conflicts of interest. However, in recognizing the conflicts as central to the process of learning and adaptation, it would still be possible to find ways of negotiating through these conflicts (Williams, 1979). The Public Advisory Committee could have been used as a meaningful vehicle to seek shared understanding and values which promote integrative strategies for pursuing interdependent ends.

### 3) The corporate image

It is an important function of boundary-spanning to develop an affirmative image that will lead, at least indirectly, to the enhancement of the organization's ability to function effectively in its environment (Miles, 1980). While some might argue that this image can be "created" and "managed", the more solid and trustworthy image is one developed on the basis of responsible performance.

Environmental monitoring is useful to measure how the company is perceived by the public. In Daishowa's case, its efforts to build a reputation as a solid member of the local region were conducted in response to controversy.

The negative image of Daishowa intensified with its ineffective management of public issues, and its reactive environmental risk communication efforts became the major stumbling blocks. One clever slogan, "Save the Japanese forest, clear cut Alberta" had a visual and symbolic impact on public perception. The issue of Lubicon land claims was another, even though Daishowa was not the primary party to the conflict. Daishowa, being vulnerable, was targeted by both the Lubicons and environmental groups which support the Lubicon's position. Both enjoyed wide public and media support. This led to a nationwide boycott of Daishowa paper products. The image of Daishowa thus became connected with clear-cutting of forests, environmental destruction and occupation of the traditional lands of an Indian band.

Media: The media acts as the intermediary between the public and the corporation. Krimsky and Plough (1988) found the role of media to be significant as the "equalizer of perspectives on risk" (p.302). That is, the media give the same legitimacy to messages from both experts and non-experts. This implies that those with the most frequent and favorable media exposure get greater public credibility. While Daishowa had success with the local media, environmental groups dominated the other media because these

groups had already gained favorable attention through activism and effective publicity campaigns (*Record-Gazette*, March 28, 1990). One interviewee suggested that Daishowa might have been more vocal in presenting its case in the mass media (Procter, 1992). Their reserved (Japanese) attitude toward the media was misunderstood by the (Western) metropolitan and national papers. Communication is further complicated by the fact that the media have "personalities of their own" (Sethi, 1977, p.77) which give their reporting a distinctive character in terms of emphasis and content. For example, a local paper, the *Record-Gazette* has been affirmative in its support for the Daishowa project, while the *Edmonton-Journal* has been more critical of Daishowa in terms of environmental and Lubicon land claims issues. When Daishowa changed strategies by meeting with the editorial board of metropolitan papers, media relations markedly improved.

## II. Theoretical Implications

An organization is embedded not only in a physical-economic environment -- raw material, equipment, and people -- but also surrounded by a symbolic or information environment (Weick, 1969; Krippendorff & Eleey, 1986). The processes used by organization members to respond to its information environment are the communication processes which can be described as the organization's boundary-spanning activities. Any organization which depends on its symbolic and real environment must have access to, or develop, information about its relevant publics, their perceptions and attitudes, what current issues concern them, and whether organizational performance is seen to be socially responsible. Corporations should view public opinion as "a valuable collective resource" (Cheney & Vibbert, 1987, P. 191) and know how to use this public information resource for planning communication strategies. For example, while conducting its communication activities, the organization must monitor the results of different strategies and activities to determine their effectiveness in accomplishing organizational goals. If a strategy does not accomplish its objectives or if it results in unfavorable side effects, the organization must search for alternative strategies (Weick, 1969).

Furthermore, any organizations needs to understand that its environment has social, historical, political, legal, and economic aspects, and these contextual elements have impacts on and constrain organizational activities to different degrees. Thus, among

the most important elements for effective public communications are the accuracy and sensitivity with which the organization fully understands its operating environment. Based on this accurate information, organizations will be able to take proactive and appropriate strategies to manage the issues of public interest. Ultimately, they would aim to accommodate the goals of the organization and the needs of the environment for a mutually beneficial relationship.

Figure 4 illustrates a potential model of two-way symmetric boundary-spanning activities. The model is based on two-way interactions between an organization and its publics, portraying a dynamic interchange of information. The fundamental communication activity of an organization is to provide accurate information about the organization's performance to its relevant publics, and in turn, collect the feedback information from them. Based on this active exchange, the organization can then make changes in its policies, attitudes, and behaviors. The two-way communication provides an opportunity for mutual understanding and a reciprocal change between an organization and its publics.

Issues management is understood as a boundary-spanning activity which combines communication activities and management activities (Heath, 1990). The model also illustrates that through its boundary-spanning activity with its policy environment, an organization can attempt to influence public policy before it becomes policy (Crable & Vibbert, 1985). The approach is valuable in terms of putting the organization in a proactive position rather than

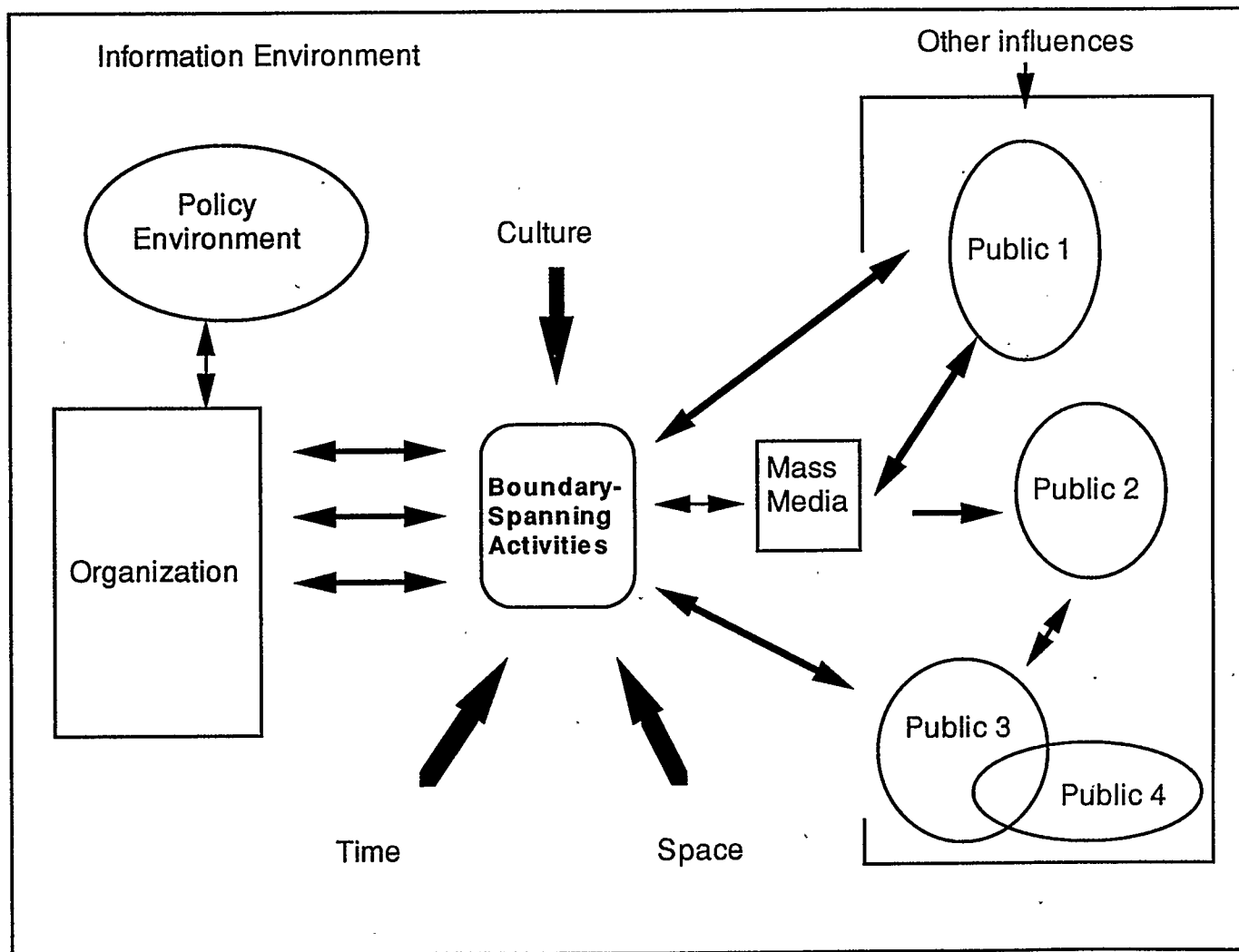


Figure 4: Model of two-way Boundary-Spanning activities

reacting to policy discussion. However, the strategy becomes problematic if the approach is planned without the proper understanding of appropriate publics and their social contexts. What this understanding may, in fact, result in is that a company can be in a position to lead the government to bring about policy which would meet its publics' requirements. If the public requires a company to meet environmental standards that are attainable but may be more exacting than those imposed by government, then a company may be in a position to push policy to these standards. Socially responsible actions, in turn, maximize the interest and support of the publics, increase the credibility of an organization's social and political position (Manheim & Pratt, 1986; Heath, 1990), and influence policy.

Publics are composed of various interest groups depending on how people perceive situations in which they are affected by organizational consequence, such as pollution (Grunig & Hunt, 1984). Publics differ in their objectives and strategies but may often have overlapping concerns and interests. The model takes account of the fact that publics can interact and influence each other, and these interactions, in turn, affect the company's response choices. For example, some environmental groups developed a coalition with the aboriginal groups to boycott Daishowa products. Furthermore, the model suggests that publics are fluid and intersecting. Depending on such things as common interests and goals, publics may overlap or temporarily become a common public.

Publics also change their status such as going from a latent public, to an aware public, and finally to an active public (Grunig &

Hunt, 1984). It is thus important to develop an appropriate communication strategy for each public. More importantly, an organization needs to take proactive steps to communicate because when a public becomes active, it is usually an indication that communication strategies have failed. When a public becomes an active one or an activist one, it not only actively opposes the organization, it will also seek redress by way of governments or the courts (Grunig & Hunt, 1984).

Due to Daishowa's rather reactive communication strategies, the publics of the Daishowa project evolved quickly from aware to active. They included the community residents who felt the direct impacts from the project, environmental groups who were most interested in environmental protection, and aboriginal groups. Interestingly, these groups eventually activated each other and their agendas become interconnected.

The company's communication efforts do not always reach the relevant publics directly, but are often channelled through intermediaries such as the mass media. Certainly, intermediate information sources do not explain the organization's point of view about their performance as well as the organization could itself (Grunig & Hunt, 1984). Besides, the mass media have agendas of their own and differ according to their size and markets (Sethi, 1977), and the information available to the publics through the media often differs from the one the company intended. Understanding how the media operates and developing good media relations should be part of the company's communication efforts.

The boundary-spanning activities of an organization are not free from the influences of its social context; they are bounded by such factors as time, space, and culture. For example, environmental risk is a cultural, not just technical problem. Communication strategies which use only technical information will often fail. What is required is an understanding that lay people's risk perceptions reflect their values and beliefs. These cultural views often differ from the technical views of industry, of governmental professionals, and scientists (Krimsky & Plough, 1988; Sherman & Gismondi, 1992).

Time is also an important factor which affects the outcome of boundary-spanning activities. Proactive, timely and sustained communication efforts are requisites for bringing about favorable outcomes. It is much easier for an organization to communicate with latent or aware publics than to communicate with publics after they become active. The issues management approach is significant in terms of organizations taking the initiative on policy discussion. These preventive communication efforts of an organization increase its credibility in a long run.

Finally, based on the understanding that an organization and its relevant publics are all surrounded by an information environment, creating an information base becomes indispensable for an organization. Its boundary-spanning function needs to incorporate environmental monitoring efforts that will allow it to keep in close touch with its publics. This accurate and thorough information enables an organization to plan communication strategies to publics in a proactive as well as in an appropriate manner.

What this case study has demonstrated is that the interaction of these different sets of factors need to be taken into account when discussing an organization's communication activities. Most theoretical perspectives attempt to discuss only one or two aspects of this model.

### III. Limitations of the study

While much has been learned from this situation, there are limitations that need to be recognized. The case study as a research strategy has some limitations. A major concern is that biased views of the researcher may influence the direction of the findings and conclusions. It is a problem that cuts across various research methods such as experiments, designing questionnaires for surveys, and conducting historical research (Yin, 1988). In order to increase validity, this researcher has attempted to use multiple sources of evidence and to triangulate the data.

A second concern is that the case study, especially, a single-case study, provides little basis for scientific generalization. However, the purpose of the case is to expand theory via analytic generalization rather than statistical generalization (Yin, 1988). This is exactly what this study has attempted to achieve in applying a grounded theory approach.

There are some limitations of method used in this study. The data was collected mainly from two sources: documentation and interviews. Not all documents necessarily have validity. For

example, media coverage may not be an ideal indicator of public opinions and perceptions. Governments and industry documents will inevitably suffer from the biases of their own institutional-structural perspectives.

Interviews also have weaknesses. The selection of interviewees is subject to selection bias. The number of interviews and accessibility to other potential interviewees were limited by time and distance constraints. The evidence from interviews are subject to the problems of bias, poor memory of interviewees, and ineffective or inaccurate articulation by interviewees (Yin, 1988).

Another potential for inaccuracy is interviewer interpretation. For example, there is no specific way of checking and resolving some conflicting statements. The opinion from environmental groups, for instance, often contradicted the company's statements.

This concern may be extended to the broader problem of making inferences (Yin, 1988). Every time an event cannot be directly observed, the researcher needs to make inferences from interview and documentary evidence collected as part of the case study. Questions about the validity of inferential judgements can be raised but these are inherent problems of conducting case studies.

In this study, some aboriginal issues are discussed. However, the issues are based on the long history, written and unwritten, of conflicts and negotiations between many Canadian governments and aboriginal peoples. This context is important in understanding the concerns and activities of native groups in relation to Daishowa.

However, constraints of time and space and the focus of this thesis did not allow deeper exploration of these issues.

#### IV. Questions for Further Research

This thesis suggests several research questions for additional study. First, in this case study, the focus was on the overall public communication activities of Daishowa and not on the communication linkage between the company and a specific interest group. Another study could pursue the nature of specific communication linkages such as those between the company and environmental groups or aboriginal groups. By making the unit of analysis narrower and deeper, new and significant elements of public communication could be found which were not readily evident in this study. Issues surrounding environmental risk communications can also be explored in greater depth. For example, how does community involvement affect risk perceptions and what communication strategies help bring about this participation to reduce environmental risk ?

This case study has not specifically referred to the function of the organization's internal communication activities. This was obviously not accessible to the researcher. However, a future research question might focus on the internal organizational communication activities and how these interface with external communication behaviors. One could explore whether or how a Japanese parent company has influence on the public communication

activities of its subsidiary company. The perspectives and attitudes toward environmental issues of Japanese corporations versus North American corporations may have differential impacts on Daishowa Canada's overall public communications activities.

## V. Conclusion

Business can no longer take a back seat to the numerous changes happening in this post-industrial information society. The environment assumes a new significance in terms of complexity and uncertainty. The new environment requires a new response pattern, one which incorporates social responsibility and economic viability. Corporations need unconventional or at least non-traditional communication strategies which accommodate the new response patterns required. Heath and Nelson (1986) observed, "Our bewildering information environment today offers more than a challenge - it makes possible a new kind of dialogue" (p.11).

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## Appendix 1

### **Background on the Lubicon Lake Band Land Claim**

The fundamental cause of the land problem between the Lubicon Band and the Federal and Provincial Governments dated back to 1899 when Treaty 8 was signed. The agreement was made between the federal Government and most of the Indian bands. However, the Lubicon Lake Band was left out from that Treaty agreement. Therefore, they have not had a reserve for almost a hundred years.

The federal government informally recognized the Lubicon Cree Indians as a separate Indian Band in 1940 and considered establishing a new reserve west of Lubicon Lake, based on a 1939 census figure of 127 Indians with a reserve of 25.4 square miles (65.8 square kilometers). However, this did not happen for a number of reasons, including Canada's involvement in World War II.

The Lubicon took the initiative in 1980 with court actions against both the federal and provincial Governments and 10 oil companies. Their land claim has not been consistent and has two alternative types based on an interpretation of their position. First, based on the allegation that the Lubicon did not sign Treaty 8, and were therefore not bound by Treaty 8, they claimed aboriginal title to traditional hunting and trapping grounds over a very large area in northern Alberta. The area was close to 10 per cent of Alberta, including many villages and towns such as Peace River, provincial

parks, Metis settlements, and reserves belonging to other Indian Bands. The second alternative claim is made on the basis that the Lubicon are bound by Treaty 8 and pursues their treaty right to have a reserve of 25.4 square miles as of 1939, or a larger area according to their current population. Even though the Lubicons filed several declarations in the Federal Court of Canada regarding their land claim, none has succeeded. The federal and provincial Governments have been consistently taking the position that the Lubicon Band has land claims under Treaty 8 and does not have aboriginal claims, because all of Alberta is covered by treaties which extinguished aboriginal claims.

In 1985, Alberta announced that it was prepared to transfer 25.4 square miles (65 sq. kilometers) area to the federal Government for a reserve, however, the offer was rejected by the Lubicon Band. In March 1988, the Governments of Canada and Alberta agreed on an interim arrangement on the Lubicon Band land claim. Alberta offered to transfer to Canada a 25.4 square miles (65 sq. kilometers) area, including mines and minerals. The arrangement was 'without prejudice', meaning it would not have affected the right of the Band to seek additional reserve lands through negotiation or court action. However, the arrangement was not settled fully with the Lubicon Band. Instead, in the fall of the same year, the Lubicon Band erected road blockades and appealed to force. After several negotiations between Premier Getty of Alberta and Chief Ominayak, on October 22, 1988, the province and the Lubicon Band reached agreement on the land, in the so-called Grimshaw Accord. Alberta offered 78

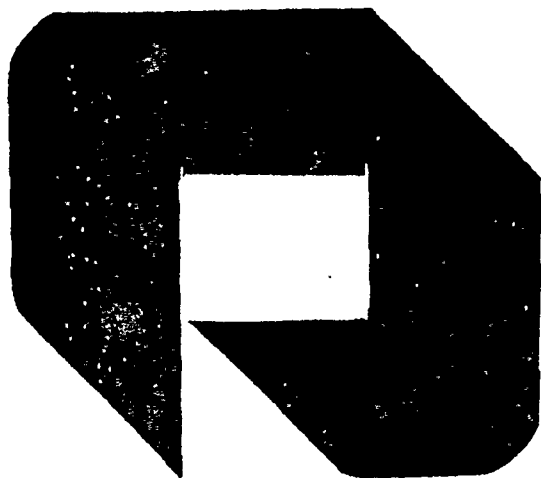
square miles (202 square kilometers) of land, including mines and minerals, as a full reserve. The province also indicated that they were prepared to sell the surface rights on an additional 16 square miles (41 square kilometers) of land to the federal Government for use by the Band (A total 94 square miles or 243 square kilometers). However, a formal federal offer made in January, 1988 was rejected by the Lubicon Band and the negotiations between Canada and the Band broke off.

Since then the Lubicon have made counter-offers with escalated financial compensation, but the governments have consistently found them unacceptable. Currently, the Band is taking the position that it will resist development outside the proposed reserve area until there is a final settlement (As of Nov. 1, 1990).

This background information was produced from the following sources:

- 1) "Alberta Government says Daishowa Pulp Mill Project near Peace River not in conflict with proposed Lubicon Lake Band Reserve" prepared by Alberta government in March 14, 1988.
- 2) "Background on the Lubicon Lake Indian Band Land Claim" prepared by Alberta government in November, 1990.
- 3) "The Lubicon Land Claim: Historical background" prepared by Daishowa in February, 1991.

# BOYCOTT



# DAISHOWA

**Look for this Daishowa logo**  
*Printed on the outside bottom of paper bags*

## BOYCOTT DAISHOWA PAPERBAGS

### Support the Lubicon people:

Daishowa is a Japanese paper corporation whose activities in Canada mostly centre in Alberta. In 1988, Daishowa was granted timber rights to a massive tract of 29,000 km<sup>2</sup>. The traditional Lubicon lands lie entirely within the territory.

The Lubicon are a small community of Native people living northeast of Peace River. They hold unceded aboriginal title to their traditional lands. Since 1939 they have been promised a reserve settlement which has not yet materialized. Since the 1970's oil companies have generated over \$1 million a day from the area while their activities destroyed the traditional hunting and trapping economy of the Lubicons.

Now there is the threat of clearcutting of vast tracts of Lubicon territories. Daishowa set up a pulp paper mill near the area aided by Provincial and Federal governments. To supply this mill, Daishowa has contracted the cutting of Lubicon lands to several subsidiaries.

Despite promises to delay logging within the disputed area, cutting has continued. Failure to settle this land claim amounts to outright genocide. Look for the Daishowa logo and Boycott this company until a settlement is reached.

- Find the Daishowa logo
- Talk to the merchant using the bags
- Ask the merchant to join the Boycott

The Alberta Environmental Alliance and the Action Canada Network 4150 10451 - 170 St. Edmonton 483-3021, fax 484-5928



## Appendix 3.

THE RECORD-GAZETTE MARCH 15, 1991

**PULP MILL ODOR***A matter of sense and sensitivities*

Following the start-up last July, pulp mill odor has been a problem on a number of occasions in the Town of Peace River. We regret that. We also regret the out-of-town news reports and environmental group statements that have exaggerated the problem.

The citizens of Peace River have every cause for concern in this matter. We would like to deal with those concerns in a factual manner. Here are the facts as we know them:

- Periodic episodes of mill odor to date have been related to start-up difficulties. We know you've heard that phrase before. What it means, very simply, is that we have suffered some growing pains in the process of starting up a very complex manufacturing facility.
- We can - and will - do better. Our mill is equipped with the finest air-quality systems in our industry. The immediate challenge is to make those systems perform to capacity. That is not an easy job, but our engineers and technicians are working constantly to maximize performance.
- While mill odor has occasionally been a nuisance, at no time has it constituted an environmental problem or a threat to health. We operate under provincial government guidelines that are among the strictest in the world. Our overall environmental performance has been excellent.
- We cannot promise that you will never smell our mill. Depending on a number of factors (including location, weather conditions and individual sensitivities) some people may detect slight odors for brief periods of time. Any prolonged or severe odor is not acceptable.

*How much odor is too much?*

Only you can answer that question. When it comes to odor, the human nose is far more sensitive than any measuring device known to man. Odorous compounds in parts per billion may be objectionable to one person but undetectable to others. That's why effective odor control is a challenge over the long term.

To help determine the nature of any mill odors in the near future, we have asked a group of Peace River residents - your friends and neighbors - to keep a log noting the occurrence of any odors. The data collected by those volunteers, when combined with known operational variables, weather conditions and other information, will help us determine where corrective actions may be required.

*A word of thanks*

As we've said, optimum odor control is not an overnight job. But our performance has improved, largely because we've had lots of help. The job has been made easier by concerned citizens who have phoned with constructive criticism. We have also appreciated the assistance and ongoing cooperation of Alberta Environment. Our recent experience is proof that industry and government can work together.

*We listen*

If you have a problem or question with any aspect of our operation, let us know. We operate a 24-hour Community Access Line for just that purpose. Jot this number down:

**624-7474**

We will respond as quickly as possible to any public concern.

Honesty and responsibility are essential elements of our corporate philosophy. Our industry (often unfairly) is under a magnifying glass. The people of Daishowa Canada and Peace River Pulp Division realize that we are in business not only to please our customers but to meet the expectations of the community in which we work and live.

**DAISHOWA CANADA CO. LTD. - Peace River Pulp Division**

## Appendix 4.

# MILL HELPING BOOST ECONOMY

## SUSTAINABLE DEVELOPMENT FOR PEACE REGION

Daishowa Canada's Peace River pulp mill has provided a needed boost to the local economy during a difficult economic turnaround.

"Retailers are now realizing how important the mill is to the area," says Rodger Cole of Alberta Economic Development. "We could have had a real serious problem without it."

The Town of Peace River estimates it lost about 200 jobs between 1988 and 1990, mostly in the energy sector. Says Cole: "In a community of 6,500, if you were to lose

The pulp mill employs more than 300 full-time people. A total of 1,400 jobs in northern Alberta are directly attributable to Daishowa's investment in the region. Fully 41 percent of the pulp mill work force was hired in the local area. "We were able to work with the community to recruit and train a large number of local people," says Human Resources Manager Stu Dornbierer.

Sensitive to the needs of employees and anxious not to disrupt the local housing market, the Company invested more than

\$20 million in real estate, including the construction of 39 townhomes and 20 apartment units.

*"By pioneering the use of previously uneconomic hardwood forests, the mill is providing a new source of economic development and stability."*  
**TOM HAMAOKA**

200 jobs in an 18 to 24-month period, it would not destroy the community but it would start to erode the community - its psyche, its foundation, the thinking of existing business people."

Jobs provided by the construction and operation of Peace River Pulp have helped stabilize the local economy.

"The development of the Peace River pulp mill has been one of the most significant investments made to diversify the economy of Northwestern Alberta," says Daishowa Canada Vice-President and General Manager Tom Hamaoka. "By pioneering the use of previously uneconomic hardwood forests, the mill is providing a new source of economic development and stability."

*"If Daishowa hadn't come in, we would have been in a disaster situation."*  
**MICHAEL PROCTER**

Peace River Mayor Michael Procter agrees. "If Daishowa hadn't come in, we'd have been in a disaster situation," he says.

Daishowa spends about \$77 million a year in the Peace Region for salaries, supplies, services and taxes. Added to that is the \$37 million paid to local companies involved in log contracting and chip hauling.

Less measurable is the social impact Daishowa has had on the community. From involvement on civic boards to funding local charities, Peace River Pulp has already built a solid reputation as a good corporate citizen.

Not surprisingly, many employees are active in community groups. "We were pleased to hire a number of people with a background of community involvement," says Dornbierer. "We felt it was important for people to fit in and become involved right away."

Mayor Procter says he doesn't even want to consider what Peace River might be like without Daishowa. "We'd sure hate to lose them," he says.

That's not something he should worry about. In the words of Tom Hamaoka: "I think you will see the extent of the commitment we have and will continue to make to the economic development of this region."

"We're in Alberta for the long run."



**Daishowa Canada Co Ltd.**  
Peace River, Alberta, Canada T8S 1V7  
403-624-7000