

**Canadian Regional
Development**
A Critical Review of Theory,
Practice, and Potentials



**Développement régional
canadien**
Un examen critique des théories,
des pratiques et des potentiels

A Primer on New Regionalism

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Working Definition

New Regionalism, as a reconceptualization of the spatial entity of the region, has emerged as both a reactive and proactive response to recent forces of political and economic restructuring. Reactively, regions are pursuing collaborative approaches to mitigating the loss of senior government and industrial interventionist roles in the development process. Proactively, integrated development – at a regional scale – offers opportunities to address the complexities of territorial planning and mobilize the strategic competitive advantages of place-based assets within a globalized economy.

Regional Development

Prior to the 1950s, Canada lacked a formal program for addressing the structural problems associated with rural and hinterland economies (Fairbairn, 1998). During the 1950s, however, the federal government began to adopt explicit regional development policies (Savoie, 1992). As Reed (1990) states, staples theory proved influential to the adoption of regional development strategies as official government policy. Staples theory provided governments with the theoretical justification for intervention in the economy in order to reduce regional disparities. Government intervention in creating the infrastructure and assigning the regulatory mandate for resource development, in the optimistic market interpretation of staples theory, set the stage for a modern, diversified economy. However, there was no real plan to facilitate or to improve development prospects beyond a “branch plant” economy (Reed, 1990). As a result, governments and communities lack a more comprehensive, holistic understanding of development and Canada has lacked a consistent regional development strategy throughout the post-war period.

Regional disparities and attention to **uneven development** in the post-war period along with a period of relative national prosperity were key motivating forces in directing governments to become more directly involved in promoting regional development. The original focus on regional disparities greatly influenced the policies and programs launched by successive governments to address underdevelopment. Governments tended to visualize communities and regions in terms of what they were lacking (i.e. needs or weaknesses) and measured comparative prosperity and regional health using limited economic indicators (Savoie, 1992). In effect, a focus on poverty reduction, not on comprehensive development or on the structural conditions of underdevelopment shaped government thinking and policy making (Fairbairn, 1998). By addressing economic deficiencies through regional development programs, governments envisioned that regions would be propelled along a linear path to prosperity. In this interpretation of development, the region is simply a spatial unit, very much conducive to an empty-vessel approach to development: pour financial resources into an area to produce development opportunities.

Five points illustrate the main shortcomings of the variety of regional development programs launched in Canada in the post-war period. First, different levels of government did a **poor job**

of co-ordinating their regional development policies and policy objectives (Savoie, 1992; Brodie, 1990). The desire to generate political capital through development programs (i.e. gain votes), a common criticism of Keynesian-inspired development policy, often led to poor inter-governmental coordination, at best, and political feuding, at worst.

Second, as noted above, government use of regional development policies was driven by a reliance on **weak theories** that were overly abstract and poorly interpreted. Government interpretations of the growth pole theory fundamentally misunderstood or ignored what we now consider to be basic features of successful development programs. For example, in early programs, there were limited opportunities for public participation, which is symptomatic of an overall failure to adequately support the development of human capital (MacNeil, 1997; Fairbarin, 1998; Savoie, 1997). A propensity to focus solely on infrastructure without adequate attention to human development and capacity (e.g. entrepreneurialism) limited development effectiveness and ignored the broader benefits of economic diversification. This approach was very typical of regional development in most parts of the world as it was being practiced at the time. A selective and narrow approach to regional development is consistent with an approach which sought a separation of the social from the economic, which, as Coffey and Pol  se (1985) indicate, is due in part to the political realities and inherent complexities of the development process and the articulation of “development” at the time.

Third, the theoretical underpinnings of development policies infused programs with a sense of **quasi-environmental determinism**. Policy attached common political, social, and cultural characteristics to often very diverse communities and regions simply because they were located in the same geographic location or shared certain socioeconomic similarities (Savoie, 1992). Regional development policies ignored differences in the economic and social attributes of communities and regions which, we now know prove to be very significant to the development process. It was not until the advent of the Community Futures program in 1986 that communities were incorporated into the development agenda.

Fourth, a **deficiency-based approach** defined the traditional approach to regional development in Canada. Governments designed and developed programs to address “needs.” For the most part, policies treated regional deficiencies in a symptomatic manner, failing to address underlying conditions and causes of underdevelopment or to capitalize on unique community strengths (Savoie, 1992; Brodie, 1990). In effect, Canadian regional development policy lacked an appreciation for historical specificity and recognition of the long-term implications of the development process (both in creating underdevelopment and in achieving development). In addition, critics of Canadian regional development argue that the deficiency perspective which guided rural regional development programs helped to foster perceptions of rural backwardness (Faribairn, 1998). Perceptions of backwardness may have exacerbated problems associated with migration and impeded proactive local responses. The idea of rural backwardness also lends greater credibility to and fosters a reliance on technocratic, top-down planning that was in favour at the time. Local participation and the use of local knowledge were de-valued. The perpetuation of rural backwardness may also have helped to create forms of

learned helplessness in certain jurisdictions and to inhibit the various factors of CED success introduced in the chapter to follow (MacNeil and Williams, 1995).

Finally, varying degrees of **dependency** among communities and regions is associated with the interventionist activity of the state. Regions become accustomed to the efforts of the state to address underdevelopment. Intervention through various program cycles to address periodic or sustained economic decline creates expectations for future interventionist activity (Martin and Sunley, 1998). As a result, Keynesian-inspired regional development programs did help to underwrite regional economies in a variety of ways: through support for manufacturing regions, resource management policy, and industrial location programs. These programs stimulated growth in particular regions, although few were self-sustaining. In addition, a major contribution to the growth of regional economies during this period was the expansion of public-sector employment that provides full-time, high-wage employment (Fairbairn, 1998; Martin and Sunley, 1998). Also important was the post-War emergence of the welfare state, the assertive role of the Federal government in post-War housing, the use of regional resources management (e.g. New Brunswick) and associated major public works projects (e.g. dams), and the institutionalization of urban planning and land use planning (Douglas, 1994).

Origins of New Regionalism

New Regionalism has emerged as a prominent strategy, and reconceptualization of the spatial entity of the region, for addressing the complexity of territorial development and mitigating the negative impacts associated with both political and industrial restructuring. As both senior governments and large industries have withdrawn from the direct linkages of development responsibility, the region promises both enough scale and capacity to construct and invest in new trajectories of competitiveness. New regionalism thus occupies an intermediating position, within a dynamic tension between the abandonment of traditional patterns of top-down stewardship and the appeal of local control and place-sensitive intervention.

Push

Negative impacts associated with this “push” away from the stewardship of the state are associated with the limited capacity of select regions to adjust to restructuring forces and to compete with a vastly expanded competitive field for the delivery of amenities, services, and infrastructure required to both retain and attract capital and labour. These changes, driven by a shift towards neoliberal policy, have dramatically re-shaped state relationships with communities and regions, resulting in a withdrawal of post-war patterns of (re)investment and responsibility for directing economic and social development and mitigating market cycles and failure. Polèse (1999) aptly characterizes this shift as a movement away from a mandate of ensuring inter-provincial and inter-spatial equity in favour of an enabling approach to facilitating development (i.e. steering, not rowing). Enabling development requires that a greater burden of responsibility be placed on local actors and institutions. In this manner, government withdrawal may be viewed as abandonment to the vagaries of market forces and demographic trends, or either a progressive approach to fostering greater levels of community/regional capacity and resiliency (Kitson et al. 2004; MacLeod 2001).

Pull

Despite the challenges posed by both political and economic restructuring, researchers have revealed a variety of benefits associated with adopting a regionalist approach to development. These benefits are grounded in a more comprehensive understanding of the development process and the specific context – spatial, natural, social, political – in which the development is taking place.

First, the **economic benefits** of regionalism serve as the main driver of new regionalist efforts. A focus on the region enables communities to exert more control over the use of surrounding resources and to exploit niche markets and the diversification opportunities associated with improved transportation and communication infrastructure (Douglas, 1999). These economic benefits are situated within a new regionalist understanding of development as a socially embedded process where the social capital of a region may exert influence on economic performance (Cooke and Morgan 1998; Barnes and Gertler 1999). Key within new regionalism is the potential to improve a region's economic, social, or environmental situation through intervention (Polèse 1999). From this perspective, the region represents a manageable scale for understanding impacts and designing collaborative development strategies. Porter's (2004) study of the competitiveness of US rural regions, for example, identifies the importance of both inherited endowments (location, resources, etc.) and development choices and leadership in determining regional fortunes.

Second, the emphasis on **social process** in regional development holds significance to both the economic development of regions and their governance. Regionalism fosters different institutional structures and relationships in an attempt to compensate for government withdrawal and innovate to establish better local participation and regional collaboration (Storper 1999; MacLeod 2001; Scott 2004). The literature is clear on both the advantages and pitfalls associated with the localization of power. The opportunity to include local knowledge in development decisions brings nuance and buy-in to development activities. This may address problems associated with blunt, top-down policies that seek to accommodate inter-regional efficiency at the expense of local diversity. In addition, the co-location of decision-makers and the place of development impact may yield stewardship advantages of both local benefit and long-term sustainability (Bradshaw 2003).

Third, the ascendancy of the **territorial development** model over sectoral development, inherent within new regionalist planning, offers a variety of benefits for addressing impacts associated with industrial restructuring. At a conceptual level, territorial planning allows regional decision makers and planners to view resource operations as part of the regional economy rather than as isolated activities. The absence of direct or formal industry-town linkages may reduce interaction and any sense of mutual responsibility, but regional economic planning can provide a foundation for re-linking resource activity in an integrated way to surrounding communities, recapturing the realities of functional spaces. In addition, a territorial approach provides a potential framework with which to actualize and monitor local outcomes. Regionalizing community benefits will better enable planners to construct and maximize

intended or potential regional spread effects of various development initiatives (Kuyek and Coumans 2003).

Critiques and Warnings

Despite the interest in new regional development approaches, there are a number of critiques and potential barriers that policy-makers and researchers should be mindful of when considering and designing a regional development approach (Lovering, 1999; MacLeod, 2001; Polèse, 1999; Munro, 2004), including:

- Devolution to regional development authorities may create a democratic deficit where un-elected individuals determine regional priorities,
- Regional promoters tend to under-represent the continued importance of the state,
- Regionalization creates danger of elitism, parochialism, and loss of ability to enforce the broader public interest,
- Interpersonal conflicts at a local level may become more influential,
- Regional development authorities often lack effective sanction abilities – and are therefore ignored, and
- Regional bodies may require bureaucratic adjustments and power sharing.

These barriers remind us of the complexity inherent within regionalist approaches. Foremost among lessons for success, however, concerns the extent to which regional strategies reflect the needs and aspirations of the locales.

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The *Canadian Regional Development: A Critical Review of Theory, Practice and Potentials* project is a multi-year research initiative funded by the Social Sciences and Humanities Research Council of Canada. The project is investigating how Canadian regional development has evolved over the past two decades and the degree to which Canadian regional development systems have incorporated ideas, policies and practices associated with “New Regionalism” into their policy and practice.

The project is conducting an empirical assessment of Canadian regional development using a multi-level, mixed methods case study approach in four provinces: British Columbia, Newfoundland and Labrador, Ontario, and Québec. The assessment of regional development across the case studies is based on the five key themes of New Regionalism: i) collaborative, multi-level governance; ii) integrated versus sectoral and single objective approaches; iii) fostering knowledge flow, learning and innovation; iv) place-based development; and v) rural-urban interaction and interdependence.

Kelly Vodden (Environmental Policy Institute, Grenfell Campus and Department of Geography, Memorial University) is leading the project, together with co-investigators David Douglas (School of Environment Design and Rural Development, University of Guelph), Sean Markey (Geography, Simon Fraser University), and Bill Reimer (Sociology and Anthropology, Concordia University). In addition, graduate students at all four universities are engaged on the project.

Further information on the project can be obtained at <http://cdnregdev.ruralresilience.ca>. The project has been financially supported by the Social Sciences and Humanities Research Council of Canada and the Leslie Harris Centre for Regional Policy and Development.



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