New City Magazine

Special Issue 1996

Ecological Citizenship in the Bioregional Community

Melting Nation...

Morphing Metropolis

Regionalist Responses To Post-National Global Economic Re-structuring

$10.
Local and regional economies - their businesses and citizens - create the wealth which supports the standards of living attained by Canadians in urban and rural locales throughout the country. Moreover, local and regional economies are primarily responsible for the production, distribution and consumption of goods and services across Canada.

Based on the available evidence, and particularly that found in the learned, popular, institutional and academic literatures, it appears that an accepted truth exists about local and regional economies. That is, those economies make very significant contributions to the national economy, to sub-national or provincial/regional economies, and to local/urban economies.

As readers of New City Magazine are likely aware, the preceding remarks are not original to this article. Indeed, the contributions of local economies to their own and other localities and regions, to provincial/regional economies, and to Canada's national economy have been studied for decades, and most notably in the 1970s and 1980s.

Guides to the discussion and associated literature include publications by Gertler (1982), Oberlander and Fallick (1987) and Wellar (1981, 1982).

Further, and very importantly, the studies involved numerous public, vested and special interests: governments at all levels; all business sectors; non-governmental organizations (NGOs); and various community and citizen groups. Moreover, all manner of disciplines including economics, regional science, geography, demography, business administration, public administration, political science, and, of course, the fields of rural, regional and urban planning investigated and reported on the topic.

Previous papers in this volume make clear, however, that there is an urgent need to question: a) the accepted truth about local economies; and, b) the apparent blind spot that hides the truth about their importance. The questions include the following.

1. Could local economies have performed better in the past? Is there room for substantial improvement in their performance? And, if so, are the causes behind that substantial-room-to-improve performance present today, and for the foreseeable future?

2. What is the likelihood that local economies will continue to be capable of making significant contributions to their own locales, as well as to other parts, components, elements, etc. of Canada's economic system and sub-systems?

3. Is there a better way, a preferred way, defined by new or different structures or functions, to prescribe for local economies so that they might enhance their future performance?

In the next several pages I explore those questions as part of the two-fold task assigned to me:

First, to synthesize, overview and expand upon the themes in the previous papers that are pertinent to this paper's focus on local economies;

Second, to offer a prescription for the unfolding of Canada's urban and regional universe through structural and functional adjustments that have regard for the fundamental importance of local economies.

The paper is organized into three time spans: 1960-1990, 1990-2000, and post-2000. Those intervals are pertinent to the questions posed above, but also represent definitive chunks of Canada's "geopolitical economy".

1960-1990

WAS LOCAL ECONOMICS A PATHOLOGICAL BLIND SPOT?

Over the course of the 1960-1990 years Canada joined the ranks of the most highly-urbanized, economically-advanced countries in the world. And, in that time-span, the following "perversities" occurred.

FEDERAL PERVERSITY

At the federal level of government, the following urban-economic agencies were among those that came - and went: Urban Affairs (MSUA); Economic Council of Canada (ECC); Regional Economic Expansion (DREE); and Economic and Regional Development (MSERD). In addition, other closely-
related federal agencies that were built-up and then down-sized or gutted included: Canada Mortgage and Housing Corporation (CMHC); National Capital Commission and Housing Corporation (CMHC); National Capital Commission and Housing Corporation (CMHC); Public Works (PW); Environment Canada (EC); Canadian National Railways (CNR); Canadian Transport Commission (CTC); Canada Post; and Manpower and Immigration (M&I).

And, still other agencies which had been assigned responsibilities to describe, explain and/or predict the state of Canada’s economic, social, environmental, technological and other affairs either ceased to exist or suffered diminished capacities. These agencies included the Science Council of Canada (SCC); Science and Technology (MOSST); Transport Canada (TC); Information Canada; Canadian Broadcasting Corporation (CBC); and Communications (DOC).

A capsule commentary on the federal government is that at the outset (1960s) it had minimal urban-economic competency; by mid-term (1976) it successfully hosted the U.N. Habitat Conference in Vancouver; and, by 1990 the federal government as an entity had no express urban policies, programs, plans or projects, and little or no substantive grasp of the local economic situations of Canada’s villages, towns, cities or metropolitan regions. A very large blind spot, or numerous smaller blind spots, getting more entrenched over time, seems a fair diagnosis of the federal affliction.

PROVINCIAL PERVERSITY

Urbanization processes have an obvious and direct impact on provincial/regional settlement patterns, and on land use development and planning conflicts, on water and air quality, on financial bases, etc. in every province’s localities and regions. Despite that reality, no provincial government in Canada appears to have produced, implemented and sustained a comprehensive, coherent future statement about urban places, urban systems, urbanization processes, and local economies.

Rather, a sectoral as opposed to spatial or ecological approach was adopted, and provincial governments gave far more attention and regard to federal government rambles and rhetoric than it did to local government rambles and realities. Was it an oversight on the part of provincial governments, that they could not see the fundamental importance of local economies? Or, was it a blind spot brought on by the blinding glare of 10 and 20 cent stamps, or a compound affliction?

LOCAL PERVERSITY

At the local level, and in association with the urbanization process, many if not most municipal/regional units across Canada experienced pressures to undertake or accommodate changes of a structural and/or functional nature. And, more often than not, they were unable to cope effectively, efficiently, or equitably with those pressures, in part due to regulatory or other constraints that were visited upon them (by design or accident) by the "senior" governments.

Beyond the federal and provincial blind spots, however, were problems that municipal and regional governments visited upon themselves and their residents. By way of elaboration, many councils opted for the short-term-gain route by seeking out and/or giving too-quick approvals to proposals that, needlessly took farmland out of production for low-density housing, regional shopping centres, roads and parking lots; rezoned manufacturing lands for commercial office use, even as the glut of towers reached overwhelming proportions; encouraged sprawl rather than limited it via more intensive, compact development; and, as a coast-to-coast phenomenon, we cannot overlook the proposals that promised huge pay-offs from mega-projects which, ultimately, seemed always to be defined by publicly-home operating costs that escalate without relief.

And, through it all, with the orders of complexity increasing and the financial capacity to deal with growing social, environmental and infrastructural problems decreasing, few local governments acquired the technical and technological capability needed to think through the "mum.

As a result, they were limited in their ability to address a basic, research problem: that is, to ascertain why and how local economies affect the local "geopolitical economy". Hence, they could only guess at the consequences that would likely accrue to their (local) geopolitical economies as a result of changes in: a) local economic conditions; or b) external economic forces.

BUSINESS PERVERSITY

Insofar as the business mension in and of urban places, systems, and urbanization processes is concerned, huge structural and functional changes occurred which had major impacts on all aspects of local economics and economies. This is a book-length topic, so I am obliged to highlight the perversities that "speak for themselves" vis-a-vis the blind spot thesis.

The perversities perpetrated by business that come readily to mind include: rampant land speculation; manufacturing plants and jobs moving out, moving away, disappearing to "improve" today’s balance sheet; real estate in the form of office towers, shopping centers, and condominiums ascending the throne as the hottest game in town, and then collapsing in numerous busts and sometimes massive bankruptcies; regional shopping centers (rarely locally-owned!) either expanding or seeking to expand with the claimed purpose of "holding market share", while implementing a silent agenda to totally knock off the competition, especially independent, local downtown retailers; and, in the pursuit of making a bigger, faster buck, business as a rule treating land, water and air as commodities for the taking and exploiting.

Finally, in regard to business, it appears fair to say that over those 30 years any serious regard for civic responsibility vapourized. In its place the "bottom line" became the paramount consideration, and especially from the multinational or transnational corporate perspective. As a result, cutting positions, and especially mid-level positions, became a favoured means of improving balance sheets, with little regard being shown for the devastation visited upon the communities that lost banks, transport services, retail outlets, etc.

The blind spot of business, in sum, is that over the decades it went from being of the community to being in it as exploiters of people and resources.

As a result, rather than being part-and-parcel of local economies and economies, business began to believe much of its own consuming rhetoric about a New International Economic Order (NDBO), globalization, NAFTA, and the "workings of the market," even to the extent of bleeding the host(s) dry!
ORDINARY CANADIANS' PERVERSITY

In regard to Canada's ordinary citizens, many of them also suffered from an urban-economic blind spot for which a heavy and long-lasting price is being paid. They either bought into or did not object to mega-project deals which experienced capital cost over-runs, and operating costs that went out of sight; they failed to prevent the liquidation of environmental assets (clean air and water, green open spaces, etc.) by exploitive developers and promoters; and, they permitted expensive, wasteful, low-density sprawl which not only destroyed farmlands and wetlands, but which necessitated huge infrastructure expenditures to support the car-based expansion of urban places and systems.

And, although exceptions occurred over time and space, many ordinary Canadians remained disengaged rather than becoming involved, informed participants in the affairs of their communities. As a result, therefore, of largely leaving things to governments, or to business, relatively few Canadians had a clear vision as to the what's, why's, how's and where's of local economies and local economies.

OVERVIEW OF THE PATIENT'S CHART, 1960-1990

As to the level of performance achieved by local economies in the face of such perversities, several observations appear to have general applicability.

First, although many local economies across Canada enjoyed multiple years of success between 1960 and 1990, even more of them suffered severe, protracted downturns. Clearly, the majority of local economies were subject to boom and bust forces, and the prognosis was not good; relatively few locales seemed to have acquired the collective inclination, will and wits to chart and maintain a more self-sufficient, more self-directed and less volatile economic course.

Second, and of particular interest here in terms of trends, by the end of the 1980s many local economies were chronic sufferers. Symptoms included: high levels of unemployment -jobs at all levels from the unskilled to skilled were lost or at risk; personal and business bankruptcy rates were up; construction was at a standstill; taxation rates and amounts were broadly depicted as "initiative killers"; and, consumer confidence ranged between shaky and guarded. (Readers may recall the references to "Dire Straits")

Third, there is the matter of how to assess the performance of local economies. One precondition of a meaningful assessment process is to have in place a comprehensive set of measurable (economic) objectives for directing and evaluating policies, plans and programs, performing cost-benefit or other analyses/syntheses of development proposals, etc. To my knowledge no such objectives were developed, debated and implemented for any local economy in Canada.

Rather, both public and private institutions and agencies, as well as ordinary citizens, tended to "go with the flow" that was brought on by prior events or situations. And, in the process they forsook the larger, longer view. Hence, decisions to freeze or cut taxes and take from the reserves instead, to impose or cut development charges, to increase or decrease densities, to open or close schools or plants, etc., in an ad-hoc or "willy-nilly" fashion.

As a rule, then, and perhaps because of their status as creatures of the provinces, local economies did not operate and make decisions by reference to a comprehensive, long-term, homegrown business plan. Rather, "seat-of-the-pants" was the general modus operandi.

In response to the question heading up this section, then, the answer seems to be "yes" to the blind spot and "yes" to the pathology.

That is, and far-fetched as it may seem, all levels of government, business, and ordinary citizens could not or would not see the fundamental importance of local economies and to municipal/regional, provincial/regional and national economies.

Nevertheless, and returning to the truth noted in the Introduction, regardless of the source of the perversities (whether due to a blind spot or otherwise) the production, distribution and consumption of goods and service across Canada, 1960-1990, was primarily a function of local economics and economies.

The follow-on questions of concern, as indicated at the outset of the paper, involve ascertaining what the perversities or blind spots mean for the future. Hence, we next look at the current decade for any signs of future implications arising from events of the 1960-1990 span, and for different or new perversities being spawned at present.

1990-2000: IS LOCAL ECONOMICS STILL A BLIND SPOT OR HAS THE LIGHT BEEN SEEN?

The pertinent questions for this section flow from the findings on the 1960-1990 timespan, and are as follows.

1. If there is room for improvement in the performance of Canada's local economies, are the barriers to that end being lessened, and/or the means to improve being put in place?

2. Whether there is room for improvement or not, what is the likelihood that local economies will continue to be substantial contributors to Canada's economic system and sub-systems?

3. Are there any indications, based on evidence to date, to suggest a "better way" for Canada's local economies?

As an illustrative comment on where we are and may be heading, consider the following "features" of our current national economic performance.

1. Since 1980, personal bankruptcies have grown at an annual rate of almost eight (8) percent, and business failures at almost five (5) percent.

2. Corporate downsizing and technological innovation in both the public and private sectors continue to cause increased white collar unemployment.

3. Overall unemployment rates seem locked in at 9-10 percent, but youth unemployment (persons aged 15-24) is in the 16-18 percent range or higher.

4. The number of hours that a working-class family must be employed to survive is now about double the number (viz, 80-90 vs 40-45 per week) of a generation ago.

5. Some 35-40 percent of Canadian debt is held by foreign
investors.

6. The market and privatization continue to be touted - along with low/no inflation and low/no debt - as the remedies of choice for whatever ails us economically.

7. Cut-backs in all manner of programs - from regulatory to infrastructural - are beginning to have an effect on the security and confidence that Canadians attach to bridges, roads, railways, hospitals, drugs, drinking water, food, etc., etc.

8. Despite more than 20 year of pro-environmental promises by all levels of government, in point of fact Canada is moving only marginally, if at all, towards reducing its high level of use and dependency on fossil fuels for all kinds of economic activities. Moreover, Canada is still very much at the lip-service stage when it comes to clean green and true blue: it has one of the world’s worst records in terms of actually cutting greenhouse gas emissions.

Those features, and others mentioned in preceding the preceding papers, point to a less-than-stellar economic performance across Canada in general. And, other locality-oriented papers provide related details for particular rural or urban centers and regions. In the remainder of these closing comments I briefly discuss the roles of the players noted earlier, with emphasis on discerning whether and how they currently affect local economies.

FEDS SEEN THE LIGHT?

Emphasis at the federal level this decade appears to be on holding down expenditures, stabilizing interest rates, reducing the deficit, and squeezing inflation: that is, getting the federal financial books in order. Means to those ends include reducing the federal workforce, cutting services, abandoning rail lines, reducing pension payments, and reducing unemployment insurance payments.

In terms of the expressed regard for local economics and local economies, there appear to be very little current evidence of actual federal involvement or action. The federal presence at the 1996 U.N. Habitat Conference in Istanbul was minimal to nonexistent, it has not delivered on promises made to the Earth Summit in Rio de Janeiro in 1992, and it is largely out of the housing field. As for the 1993 Infrastructure Program, it is moribund, although it might be resuscitated should the provincial premiers and/or an impending election provide adequate stimulus.

The answer to the question "Have the feds seen the light?", appears to be an unequivocal "no."

PROVINCES SEEN THE LIGHT?

There are grounds to equate the mindsets of provincial governments with that of the federal government. That is, in a phrase, "We'll do all that we can short of offering actual help." However, there is considerable evidence that most if not all provinces are engaged in activities that could ultimately enable local economies to substantially improve their performance. I discuss the developments in an illustrative manner here, and suggest that readers wanting more details re-visit some of the other papers in this text, and in prior copies of New City Magazine.

First, due in large part to lack of finances, but also for reasons of ideology, lack of urban-region ideas, lack of interest, lack of vision, and other factors that can be connected to disentanglement, devolution continues at a rapid rate. Local governments across Canada are being assigned increased responsibility for matters of a geographically local nature, involving all manner of domains - economic, financial, environmental, social, institutional, etc. And, there are some indications that they may be delegated the authority to impose taxes or "user fees" to pay for those responsibilities.

Second, and perhaps it is symptomatic of current federal-provincial relations only, but it seems that provinces tend to attach very limited interest and consequence to their federal dealings. That low level of attraction/friction could be caused by a variety of reasons (no money, tired of the constitutional hassle, no money, etc.) any one of which may be sufficient to induce provincial governments to take a better look at local governments as institutions to relate to.

Third, provincial governments send transfer and other payments to ordinary citizens, businesses, local governments, various boards, etc. which comprise local economies. As dollar shave grown increasingly scarce, and taxpayers have become more unruly, provinces have grown increasingly enamoured of the prospect of getting out of the loop. That is, let local governments and economies assume more and more responsibility for local affairs.

It is my interpretation of developments such as those noted above, that provinces have not yet actually seen the light about the importance of local economies. Rather, I suggest, expediency and self-interest, and not enlightenment, are the driving forces behind the attitude adjustment.

As a result, there is reason to be concerned about these provincial initiatives in two regards. First, arguments to support the down-loading, off-loading, transfer, etc. of responsibilities frequently appear to being made "on the fly," and often are not subject to informed debate. And, second, given the ad hoc nature of provincial initiatives, and the seeming lack of logic or general principles to support them, all that is being done now could be reversed or revised in a year or five or 10 years, with provincial governments not missing a beat.

LOCAL GOVERNMENT ENLIGHTENMENT?

Because of Canada’s seriously diminished urban research capacity, I do not have any 1996, methodologically-based, empirical reports on this topic.

Fortunately, however, I did conduct a survey of a sample of municipalities, and completed literature and newspaper searches, for an Economic Development Division session at the 1995 Joint Planning Conference (American Planning Association, Canadian Institute of Planners) in Toronto. Materials from my Canadian perspective on "Planning and Development in a Changed Economy," supplemented by findings from several recent literature searches, are the basis of these brief remarks about local governments and economic initiatives, 1990-2000.

First, as of mid-decade, no country-wide flash of shared enlightenment about the status and prospects of their economies has hit local governments. Indeed, there seems to be a general
lack of substantive, sustained, proactive dialogue about economic matters within, between or among local governments or their associations.

Second, and seeming to be more petty and parochial than productive, bickering about one-tier or two-tier government, and about different models of each tier, continues to occur in many rural and urban regions. While sorting out institutional arrangements has its merits, it is most disconcerting not to see detailed elaborations of the economic implications of the various models. And that error of omission is especially worrisome in view of current federal and provincial tendencies that could leave local governments in charge of local affairs!

Third, given an increasing need to know in an increasingly complex world, and diminishing federal and provincial research capabilities, the limited capacity of many local governments to perform urban and economic impact assessments is worrisome, and presents a serious vulnerability.

In brief, there is reason to expect that technological advances, in geographic information systems for example, could enhance decision support capabilities. However, the fact remains that highly-skilled people - economists, geographers, planners, statisticians, programmers, engineers, assessors, etc. - are required to turn data into information. Indications are that in many localities the emphasis has been on administrators who tend to be long on form and short on content, and who prefer the anecdotal over the methodological.

By way of brief elaboration of the failed expertise problem, it is noteworthy that most initiatives by local governments to stimulate or otherwise juice-up their local economies are very much variations on old themes: relax zoning regulations, increase densities, build more roads, etc. And, the proposals as a rule stem from task forces peopled by business or special interest members who want here-and-now pay-backs. It almost goes without saying that little new or different, of substance, is likely to emerge from such a limited pot of talent and experience.

Ascertainment of the level of local government enlightenment about the importance of local economies and local economies to local matters is no easy matter. On the one hand, for example, there is ample evidence of local governments being out of touch with their own local economic situations. And, on the other hand, there are local governments which appear to have a strong sense of where they are and where they are going, economically. Overall, then, it appears fair to say that enlightenment has arrived in some cases, the blinders are off in others, and in some cases they are still creatures or children of the province who have not yet seen opportunity walking by.

BUSINESS AND ORDINARY CITIZENS: BLIND SPOT CLEARING UP?

Dozens of newspapers were searched for 1996 articles, editorials, and letters presenting business and ordinary citizen perspectives on local economics and local economies. The following impressions are a synthesis of gleanings from the search and review, and I use the word "impressions" advisedly. That is, it is sometimes difficult to distinguish "boosterism and bumph" from news and facts, and so these observations are offered as impressions rather than findings or conclusions.

First, local economies are increasingly regarded by multinational or transnational companies as "opportunities to do business" - produce, sell, transport, etc. - rather than opportunities to build community through nurturing and fostering sustainability. Home offices, including "virtual offices," are the focus of loyalty and attention, and the places in which business is done are in blind spot territory, unless of course they are take-over or market targets for some other corporation.

Second, ordinary citizens continue to exhibit relatively little active, do-something-about-it interest in their local economies. There are, of course, exceptions to the rule, such as debates about selling and buying locally-grown produce and fish, supporting local sports, retailing and tourist operations, etc. However, "local economies" and "local economy" are still not popular, public topics judging by newspaper coverage of ordinary citizens' comments on the matter.

And, third, and this could very well be the result of globalization hopes or fears, but it appears that economic development groups in both urban and rural regions are making a major move. That is, and as discussed at the 1995 APA/CIP session on the "Changed Economy," increased numbers of such groups are seeking to make their urban regions or rural regions more competitive internationally. To do so, as they recognize, means treating the region as a whole, and understanding its comparative advantages and disadvantages economically, and socially, environmentally, etc. as well.

Which brings me to the 1996 United Nations Development Program study of living standards, and the Human Development Report. For the third consecutive year Canada ranked first among the world’s countries in regard to such living standard variables as life expectancy, adult literacy, education and per capita income. The first troubling note here, however, is that Canada is among the few developed countries in which living standards have actually declined since the 1980s. As such, only one hand clapping is appropriate.

The second troubling note is that the variables used by the UNDP are justified in large part because they are readily measurable and relatively accessible. However, no respectable group, including the UNDP, is arguing or even suggesting that variables which are used to represent all 174 U.N. countries are pertinent to Canada per se. Hence, modesty is called for in not making too much of a limited exercise.

And, third, the federal government in particular, but several provincial governments as well, are making much of Canada’s high ranking. That act of itself is not troubling. However, it becomes so when, by stepping into the limelight and hogging the headlines, they seek to take credit for something which is not their doing! Let us recall, as noted in the Introduction, that it is local and regional economies - and their businesses and citizens - which create the wealth to support the standards of living of Canadians in rural and urban locales across the country.

Hence, even during the moment of being featured on the world stage, most players are blind to the importance of local economics and local economies as the primary source of Canada’s wealth creation.

As for the rest of the decade, it is my expectation that it will not be a straight-line, quick-march towards enlightenment about the importance of local economics and economies. Rather, the underlying currents now in place will likely continue to unfold and evolve. That is, the federal and provincial governments will "opt out" of the enlightenment process due to financial constraints and general lack of inclination, will, or ideas. And, new
local government/interest group/ordinary citizen alliances will emerge, take shape, and then re-shape as the consequences of various alignments become known.

Post-2000 Expectations

Back in 1980 I gave a Keynote Address at the Annual Conference of the Association of Township Officials of Illinois. The route to the podium included work on a small community strategy for Canada while at Urban Affairs (1972-79), membership on the Advisory Board, National Association of Towns and Townships (U.S.), contributions to OECD local government reports, and involvement in designing the Small Community Development Policy of the Carter Administration in 1978.

In that 1980 address, and in a paper, "Local Initiative: Key to national Prosperity," published in Small Town (Wellar, 1981) much of what occurred and is occurring in 1990-2000, was anticipated and extrapolated. To a large degree, it seems fair to say, my explanation/prediction/prescription statement of 1980 is increasingly coming to pass for both the U.S. and Canada, and could be largely in place in real terms by 2010-2015.

It is briefly recalled here that in 1980 it was my belief that the local initiative movement would be faster, broader and deeper in the U.S. than in Canada. And, to the extent that the "anti-big government" philosophy is a factor, as espoused by, for example, Republicans in general and Newt Gingrich in particular, that expectation was and is reasonable. However, some 15 years later, it appears that Canada, more through oversight and accident than by intelligent design, has moved far more quickly and deeply into the local initiative mode than the U.S., although both countries are on the same general track.

My expectation and prescription, therefore, is that the movement should continue, and the bases for saying so have stood the test of 15 years+ time. On the other hand, however, I have some concern that federal and/or provincial governments, for reasons of special interest influence, could try to disrupt the natural movement towards more sensitive, accountable, locally-based geopolitical economies across Canada.

Barry Wellar is Professor, Department of Geography, University of Ottawa, and was formerly a Senior Policy Advisor at the (federal) Ministry of State for Urban Affairs.

REFERENCES


