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Has Regional Policy Failed Canada or Has Regional Science Failed Regional Policy?

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Charlottetown and current political events make this an appropriate time to reflect upon regional policy and regional science and how they have played themselves out over the past 20 years. It is not my intention, however, to provide a history of the past 20 years of regional policy and regional science, rather the argument I want to make is that we need to question how persistent regional economic and social inequality have been in light of all the developments that have occurred in regional policy and regional science (that is, over the past 20 years). Then, I want to consider some of the suggestions that have been made for renewing regional policy and, in essence, renewing regional science. Finally, I would like to make my own suggestions for renewing our discipline.

I have chosen a 20 year timeframe because, in 1971, I entered the University of Toronto as an undergraduate, and first learned about the theories and methods of economic geography and regional economics. In other words, I learned about the ideas and tools of regional science and they seemed more relevant and more exciting than the other subjects I was studying. Exciting, because at the time I believed, and I am sure at least some of you believed, that through the ideas and tools of regional science we could contribute to the understanding of regional inequality in Canada and more importantly, to its solution.

President of the Canadian Regional Science Association in 1991-1992, the author delivered this address at the Sixteenth Annual Meeting of this association, held at the University of Prince Edward Island, Charlottetown, Prince Edward Island, June 5-7, 1992.

Today, I am struck by how little has changed; how persistent regional inequality is in our country. Why is it that the people of Atlantic Canada, in much of Québec and in the northern parts of our provinces and the territories lag so far behind the people of the western part of Montréal, southern Ontario, Winnipeg, Regina and Saskatoon, Calgary, Edmonton and Vancouver in economic terms? Although unemployment rates and economic dependency ratios are imperfect measures of regional inequality, there can be no denying the differences between the "have" and "have-not" regions of Canada (Table 1). The unemployment rate in Newfoundland is almost double that of Ontario and more than double those of every province west of Ontario. The range between the province where the economic dependency ratio is highest (Newfoundland) and where it is lowest (Alberta) is \$18.70.

In measures not often used by regional scientists, why is it that regional disparities in social terms exist (for example, infant mortality and levels of teenage pregnancy in Table 2)? While Canada's infant mortality rates and levels of teenage pregnancy are relatively low by international standards, it is still shocking to find regional variation in a country which has, as one of its federal cornerstones, equalization of health care through the Established Program Financing Act (EPF).

Having said that I do not intend to provide a history of the past 20 years, let me provide some historical context for the comments which follow. I suggest that prior to World War Two, we can view public policy in this country as being predicated on nation building (for example, the construction of the transcontinental railway, the development of protectionist industrial and trade policies, etc.). These policies were attempts to overcome the inherent regionalism of our country. Since World War Two, public policy has been contradictory in its goals. On the one hand, general economic growth has been the dominant thrust of public policy. Economic growth policies, by their very nature, accentuate success where success is located. For Canada, this has mainly meant in Montréal, southern Ontario, southern Alberta and the lower mainland of British Columbia. On the other hand, there have been efforts, at least since the 1960s, to reduce regional inequality and we have seen the rise of province-building and some might argue in the case of Quebec, nation-building.

The distinction between reducing regional inequality and generating economic activity as the dual functions of regional policy is made by Leger (1987) and is very important. However, are these two functions compatible? This is certainly not a new question (for example, see the debate among Courchene and Melvin, 1986; Savoie, 1986; McNiven, 1986), but it is one that we need to revisit. Given the changing nature of the Canadian economy, as exemplified by the collapse of resource based economies such as the cod fisheries, the Free Trade Agreement and the North American Free Trade Agreement, I believe that it is time we renewed the theoretical debates over the compatibility of reducing regional inequality and increased overall economic

TABLE 1 Economic Indicators of Regional Inequality

Province	Unemployment Rate ^a	Economic Dependency Ratio ^b
Newfoundland	20.1	\$31.17
Prince Edward Island	19.1	29.02
Nova Scotia	13.6	21.97
New Brunswick	14.1	24.46
Québec	12.4	16.72
Ontario	10.9	12.59
Manitoba	9.7	19.20
Saskatchewan	7.7	20.05
Alberta	9.3	12.47
British Columbia	10.0	17.31

a. Government of Canada, June 1992.

b. Statistics Canada (1992) *Perspectives on Labour and Income*. Ottawa: Supply and Services, Vol. 4, No. 1, pp. 74-75.

TABLE 2 Social Indicators of Regional Inequality

Province Rates ^a	Neonatal Mortality Rates ^b	Perinatal Mortality Rates ^c	Teenage Fertility
Newfoundland	6.2	10.5	35.4
Prince Edward Island	4.0	5.9	35.8
Nova Scotia	3.9	7.7	33.8
New Brunswick	5.2	9.1	31.6
Québec	4.4	6.9	19.0
Ontario	4.5	7.8	22.9
Manitoba	3.7	7.6	42.4
Saskatchewan	4.9	7.7	46.5
Alberta	4.2	7.3	37.6
British Columbia	5.1	8.1	25.9

Source: Statistics Canada (1992) *Health Reports*. Supplement No. 14, Vol. 4, Tables 1 and 16.

a. Age-specific fertility rates, ages 15-19 per 1000 females, 1990.

b. Neonatal death rates per 1000 live births, 1990.

c. Perinatal death rates per 1000 live births, 1990.

growth at our annual meetings and in our journal.

As regional scientists, we do not often discuss the system of transfer payments, the Medical Care Act of 1966, the Canada Health Act or the EPF, to name only a few of the central social policies which have dominated the public agenda of our country. But all of these policies, in their own ways, were

formulated with a view to addressing regional inequalities both in the economies of the province and, indeed, in the social spheres of health and education in particular. Thus, even the social policy envelope has been a force for the contradiction between our desire to promote economic growth and reduce regional inequalities.

We, as regional scientists, are more familiar with the long list of acts and agencies and agreements that have followed one after another as regional development programs -- the Agricultural Rehabilitation and Development Act, the Regional Development Incentive Act, the Area Development Incentive Act, the Department of Regional Economic Expansion, the Department of Regional Industrial Expansion, the Fund for Rural Economic Development, General Development Agreements, Economic and Regional Development Agreements - to name but a few or as we like to say ARDA, RDIA, ADIA, DREE, DRIE, FRED, GDAs, ERDAs. In Atlantic Canada, the proliferation of programs has been further compounded by such regional development entities as the Atlantic Development Board, Enterprise Cape Breton, the Atlantic Enterprise Program and the Atlantic Canada Opportunities Agency.

Lest you be lost by the acronyms, let me impress you with some statistics. I am indebted to the Historical Resources Branch of the National Archives which recently asked me how to deal with the over 20,000 RDIA applications they have on record and the 8,000 actual grant/loan files! Between 1969 and 1983, DREE expenditures on all programs amounted to approximately \$5.7 billion (calculated from McGee, 1992, p. 41). Therefore, it would be an understatement to say that our politicians, bureaucrats and, indeed, we as regional scientists have not spent an enormous amount of time, effort and dollars on regional policy.

So has regional policy failed Canada? Looking back through past issues of our journal and other assessments of regional policy, my scorecard reads: on reducing regional inequalities, there appears to be a fair amount of unanimity that regional policy has failed; on generating economic activity within regions, there is evidence of some success, but the cost, and whether it is justifiable, is highly debatable.

Why has regional policy failed? Out of Cannon's (1989) essay three reasons can be identified. The first is analytical and theoretical ambiguity. The various competing theories and models of regional development, representing our own intellectual ferment, although academically healthy, work against the adoption of regional policies. A second reason is the unspecified and /or conflicting policy objectives in the past, which contributed to the lack of positive outcomes which might have demonstrated the value of regional policy. A third reason is that the outcomes of regional policy have rarely, if ever, been definitive.

We can add, to the above list, Donald Savoie's (1987, p. 225) view on the role that politicians have played:

[P]oliticians have played an important role in sustaining a commitment to regional development. At the same time, however, they have played havoc with the various approaches that have been tried to deal with Canadian regional problems....Regional development theories and approaches, it seems, are something to be trotted out for press conferences but should not be expected to interfere with how decisions are actually made.

Let me add one other explanation for why regional policy has failed. I make no claims to originality in this argument, but it is one that I think deserves more attention and I will return to it in my conclusions. Thinking in regional policy has been almost completely dominated by theories and methods for identifying and promoting economic activities (that is, trying to support indigenous firms or attracting firms from other places), in contrast to identifying and promoting human activities (for example, trying to create a healthy and educated population).

Let me now turn to my second question, "has regional science failed regional policy?" There are obviously only two responses to this question. While the majority response is likely to be "yes", much of the recent research suggests either implicitly or explicitly the need for the new directions regional science and regional policy might follow. Consider, for example, Savoie (1986), Britton (1988), De Wolf et al. (1988) and Jean (1989).

Savoie's (1986) agenda is based on four principles: 1. responsiveness to national and international changes (that is, there is no point in backing regional activities that are out of step with national or international trends); 2. regional economies need to be seen as interdependent activities (in particular, the connections between manufacturing activities and producer services need to be made); 3. the relocation of existing enterprise should be avoided and indigenous development promoted; and 4. economic activity is unbalanced, highly sensitive to agglomeration advantages and, therefore, dependent on the supportive role of the urban system.

The core of Britton's (1988) new agenda is that economic development is "an unbalanced process based on technological change" and that it needs to be understood within an urban systems approach. He argues "that throughout the urban system the size and complexity of economic function, agglomerative advantage and the location of technological change are mutually supportive facets of economic development, and it is time that Canadian regional economic development programs recognized the fact" (Britton, 1988, p. 164).

In their discussion of the Atlantic Canada Opportunities Agency (ACOA), DeWolf et al. (1988) suggest that regional science continues to play a role in regional policy. They see ACOA as the logical extension of thirty years of regional policy - "a regionalized approach to regional development." They argue that new tools are needed to measure the results of new regional development agencies and that "the development of some sort of measurement tool may in fact be the next useful innovation in Canadian regional development programming" (DeWolf et al. 1988, p. 324).

A fourth direction that regional science can contribute to regional policy

is to be found in the arguments for local development of our colleagues at the Université du Québec à Rimouski and the Université du Québec à Chicoutimi. Jean (1989) and his colleagues make a convincing argument for regional scientists to work at an even more localized scale.

While I am sure that all of the new directions, which have their origins in our own self-doubts about the failure of regional policy are worthwhile, I am also convinced that there is another direction we need to pursue as regional scientists. With few exceptions, the models we use are based on economic activities as the objects of our study, and regional policy has been dominated by how to redistribute or encourage the growth of those objects in particular places at particular times. Our ability to predict, prescribe, or even to provide qualified advice has been limited, although our ability to provide *post facto* explanations for the failure of particular regional policies has been vast. My suggestion is that we need to spend more time and effort on making people the objects of our study.

We need to articulate a view of regional science and regional policy that argues that the development of people as healthy and educated individuals living in an unpolluted environment is the surest way to regional development. The policies based on the best that regional science has had to offer have mainly brought *propped up* manufacturing activities that are now disappearing, retarded reorganization and technological innovation in primary sector industries in "have-not" regions, and worst of all, leave too many people in Canada ill-equipped to work or become entrepreneurs in those sectors where Canada's future is likely to lie.

I have no illusions about this type of argument. The short-term costs may be great. To pursue a regional policy that would favour more public spending on education, health and the environment may result in the demise of some businesses and the disappearance of many jobs. In the longer-term, of course, it would also result in a more mobile and entrepreneurial Canadian society. It might ultimately mean that in some communities the young and brightest segments of the population would leave. This would generate another challenge for regional scientists - how to work with communities whose traditional economic activities are declining or have disappeared altogether and where the population is older and ill-equipped for employment in a post-industrial world.

For regional scientists, it would mean the expansion of our thinking, our theories and our methods into areas where we have been reluctant to tread; that is, into areas of modelling human services and behaviour. We must renew our intellectual base by developing new theories and models that will foster opportunities for people to meet their potential, to migrate to where opportunities exist, and to support those who choose to stay or cannot leave the communities in which they have spent much of their lives.

Just as members of this association were once the leading proponents of various models of regional economic development, and leaders in advising governments at all levels, we need to become the leading proponents of a

renewed regional science based on the development of the various ideas I have briefly outlined. Therefore, my answer to "has regional science failed regional policy?", is that if we do not move in the directions that I have reviewed and suggested then we will have failed regional policy and regional policy will have failed Canada. If we take up this challenge, I believe our voices will be heard again in the debates over regional policy.

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