INDUSTRIALISM, DEINDUSTRIALISM AND REGIONAL DEVELOPMENT IN CENTRAL CANADA*

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Introduction

Two trends have dominated the economic character of American regions in recent years. The first of these is the decentralization of economic activity to the fringes of metropolitan areas and to previously peripheral regions or countries [24;37]. The second is the decline of manufacturing as a source of employment and its replacement by jobs in services and information-handling occupations [30]. These two dimensions of economic change constitute the central core of a process which Bluestone and Harrison [5] have recently referred to as "deindustrialization". This process, in which private capital uses its mobility to relocate its production facilities to more profitable sites, has been invoked to explain the economic decline of the traditional heartland of the U.S. and the ascendance of a newly industrialized "sunbelt".

These processes have been in operation in Canada for some time, although arguably they are manifest in somewhat different spatial forms than those evident south of the border. It is the aim of this paper to assess the extent to which the above trends are evident in the context of recent change in central Canada. For the sake of this exercise, concentration will be on the Toronto region, in the core of the economic heartland of Canada. This region,

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while historically prosperous, has undergone some profound economic restructuring in recent times. In the process, a rather different set of issues have come to dominate the policy agenda at the local level.

In the following section the basic empirical dimensions of economic change within the Toronto region are set out, based on the findings of a number of recent local studies. The response of local government in the region to these changing economic realities is then examined, setting its initiatives within the environment of current political and administrative realities. The paper concludes with a reassessment of the deindustrialization paradigm in the central Canadian context and some speculations on the appropriateness of local action to restore the economic opportunity in individual communities. In the process the dilemma facing local governments intent on shaping their own economies is discussed, a situation anticipated by Perloff in his writings on the subject of planning for economic growth and development.

Dimensions of Deindustrialization in the Toronto Region

The Toronto Census Metropolitan Area (CMA) had a population of almost exactly three million in 1981, making it Canada's largest urbanized area. Within the CMA is the Municipality of Metropolitan Toronto, an amalgamation of six local governments with a total 1981 population of 2.1 million. At the geographical core of this metropolitan municipality is the City of Toronto, the largest of the six local units, with approximately 600,000 residents. The remaining 900,000 residents of the CMA are distributed throughout portions of the four regional municipalities contiguous with the boundary of Metropolitan Toronto (Halton, Peel, York, and Durham) which collectively constitute the outer fringe of the CMA (see Figure 1).

While the Toronto region is home to slightly more than one out of every eight Canadians, this figure somewhat understates its importance within the national economy. As Table 1 demonstrates, fully one Canadian worker in five was employed within the Toronto CMA in 1982, with even higher proportions in sectors such as services and finance, insurance and real estate. Furthermore, Toronto's share of national employment has increased overall and for almost every individual sector since 1975. Hence it is in a very real sense that the Toronto region constitutes the dominant core of central Canada. Yet, it is a core which has recently undergone a number of significant internal changes, both quantitative and qualitative.

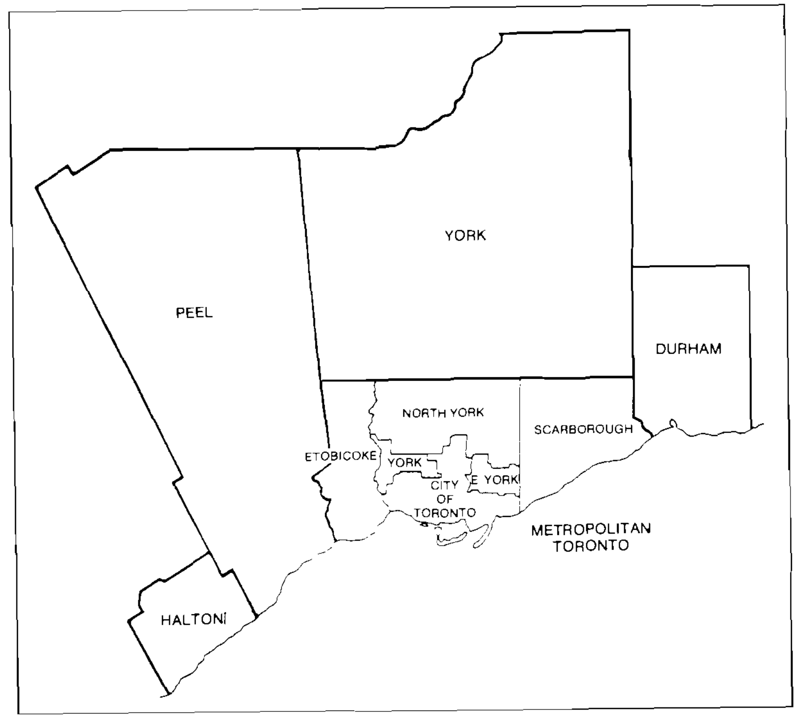


Figure 1

THE TORONTO CENSUS METROPOLITAN AREA

Table 1

TORONTO CMA EMPLOYMENT AS A PERCENT SHARE OF CANADA'S EMPLOYMENT

	1975	1982
Manufacturing	18.7	19.6
Construction	15.9	15.8
Transportation and Communications	12.2	13.7
Trade	19.8	20.2
Finance, Insurance, Real Estate	26.7	26.9
Service	23.2	24.5
Total	18.1	20.0

Source: [17].

One important dimension of change is reflected in Table 2, which compares sectoral employment growth rates for the region and the nation over the period 1975 to 1982. Beyond demonstrating the generally superior performance of the region in both recession (1980-82) and relative prosperity (1975-80), this table indicates the decline of manufacturing as a source of employment both regionally and nationally. This phenomenon is evident in the smaller than average growth rates for manufacturing over the earlier period and the absolute declines in this sector in the later period. Equally significant is the considerably faster growth of employment in services, finance, and transportation and communications during both time periods. This trend is generally more pronounced in the Toronto region than in the country as a whole, with but one exception (finance) in the earlier period.

Table 2

PERCENT CHANGE IN EMPLOYMENT BY SECTOR, 1975-1982

	1980-1982		1975-1980	
	Region	Canada	Region	Canada
Manufacturing	-3.0	-6.4	6.5	5.2
Construction	0.4	1.2	-12.6	-12.3
Transportation and Communications	9.4	0.4	15.1	8.9
Trade	1.4	-0.9	13.4	14.2
Finance	7.9	6.2	26.3	27.3
Service	8.6	7.1	41.4	35.5
Total	2.4	-0.9	15.2	12.2

Source: [17].

The qualitative changes indicated by these figures are further evident within the manufacturing sector itself. This is apparent in Table 3, which shows the relative prominence of manual (wage) and non-manual (salaried) workers in the Toronto CMA for 1975 and 1982. Over this period, while total manufacturing employment grew by 3.4 percent, the number of wage earners actually declined by 3.0 percent. This decline was more than compensated for by the 14.2 percent rise in the ranks of salaried employees. Further light on this transformation is shed by the occupational changes evident in Table 4 for the decade 1971-1981. The picture that emerges for the overall region is one in which traditional manufacturing occupations are declining in relative terms as a source of employment. Taking their place are the managerial and information-handling occupations, both within and outside manufacturing, plus the more menial jobs within the service sector.

Table 3

MANUFACTURING EMPLOYMENT IN THE TORONTO CMA ('000)

	1975	%	1982	%	Change	%
Wage Earners	180.5	63.0	175.1	59.1	-5.4	-3.0
Salaried Employees	106.0	37.0	121.0	40.9	15.0	+14.2
Total	286.5	100.0	296.1	100.0	9.6	+3.4

Source: Adapted from [17].

Table 4

LABOUR FORCE BY OCCUPATION, TORONTO CMA, 1971-1981

Occupation	1971	1981	Change	Percentage Change
Managerial	74,120	191,225	117,105	158.0
Teaching	42,330	58,855	16,525	39.0
Medicine and Health	42,150	62,515	20,365	48.3
Science, Social Science, Religion and Art	79,595	138,885	59,290	74.5
Clerical	277,475	402,970	125,495	45.2
Sales	129,215	157,770	28,555	22.1
Service	118,595	171,055	52,460	44.2
Primary	13,860	16,240	2,380	17.2
Processing	31,560	42,575	10,015	34.9
Product Fabrication, and Assembly	150,550	198,040	47,490	31.5
Construction	70,450	79,620	9,170	13.0
Transportation Equipment	41,510	47,425	5,915	14.3
Other*	173,435	111,390	-62,045	-35.8
Total	1,244,845	1,678,560	433,715	34.8

* The change in this category reflects definitional changes.

Source: City of Toronto (1984).

Beneath the level of these region-wide changes are a number of important internal developments. Foremost among these is the decentralization of industrial production, a process which is evident for at least two spatial scales. The first of these is revealed in Table 5, which documents the changing spatial distribution of manufacturing within the constituent subregions of the Toronto CMA. In terms of both establishments and employment, Metropolitan Toronto has experienced a steady decline in prominence as a centre for manufacturing activity during the 1970s. At the same time, the outlying areas (particularly those to the north and west of Metro such as Peel-and York) have gained greater shares of the region's industry. A notable exception is the eastern municipality of Durham, which more or less held its own during this period. Furthermore, a comparison of the two indicators of activity suggests that, on balance, the average size of manufacturing establishments within Metro Toronto is smaller than for most of the outer subregions. The one exception to this is the regional municipality of York, whose employment shares are consistently lower than its share of the number of establishments.

Table 5

PERCENT DISTRIBUTION OF MANUFACTURING ESTABLISHMENTS AND EMPLOYMENT WITHIN THE TORONTO CMA, 1971-1978

	Number of Establishments			Employment		
	1971	1974	1978	1971	1974	1978
Metro Toronto	76.9	73.5	68.4	70.6	68.1	66.5
Halton	4.6	5.1	5.4	6.1	6.5	6.3
Peel	8.7	10.3	13.5	11.2	12.9	13.4
York	5.2	6.5	8.1	3.9	4.7	5.4
Durham	4.6	4.6	4.6	8.2	7.8	8.4
Total	100.0 (6,305)	100.0 (6,396)	100.0 (6,736)	100.0 (336,782)	100.0 (372,110)	100.0 (369,360)

Source: Metropolitan Toronto Planning Department. Bracketed figures show actual totals.

Hence, the outer fringe of the CMA appears to have gained considerable new industrial activity over this decade, much of it in the form of relatively large establishments. The absolute dimensions of this shift are reflected in Table 6, which shows the changing distribution of industrial assessment between the central (Metro) and fringe subregions of the CMA from 1979 to 1982. While both areas gained assessment, the rate of growth in the fringe was nearly 50 percent faster than the rate of increase for Metro Toronto. Further evidence of this outward expansion of industry is provided in two recent studies of industrial locational dynamics in the Toronto CMA. Gardner [17] has analyzed Dun and Bradstreet data on the recent activities of local firms which demonstrate a net out-migration of establishments and workers from Metro Toronto to the fringe municipalities surrounding it (see Table 7). Interestingly, this relationship is reversed in Metro's exchange with locations beyond the Toronto region. Overall, however, Metro experienced a net loss of both establishments and employees over the period considered. Notwithstanding the problems involved in utilizing Dun and Bradstreet data to track the mobility of private capital [4], these findings are generally consistent with the decentralization trend identified earlier.

Table 6

DISTRIBUTION OF INDUSTRIAL ASSESSMENT WITHIN THE TORONTO CMA, 1979-1982

	($ Billion) 1979	1982	Change	% Change
Metro	6.889	10.059	3.170	47.5
Fringe	4.599	7.824	3.225	70.2

Source: [17].

Table 7

MIGRATION OF ESTABLISHMENTS AND EMPLOYEES, 1977-1981

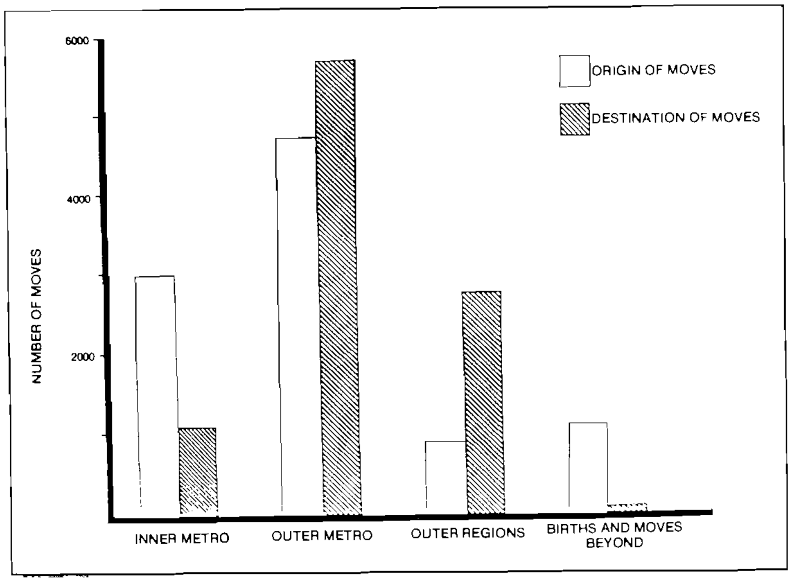
From \ To	Metro	Fringe	Other	Total
		Establishments		
Metro	1590	288	51	1929
Fringe	54	N/A	N/A	54
Other	61	N/A	N/A	61
Total	1705	288	51	1929
		Employees		
Metro	54,228	7,358	1,822	63,408
Fringe	1,695	N/A	N/A	1,695
Other	4,746	N/A	N/A	4,746
Total	60,669	7,358	1,822	69,849

N/A = Not Available.

Source: [17].

A second recent study supports the trends identified above, while providing insights into the mobility of industry at a second spatial scale - namely, within Metro Toronto [23]. This study was based on the local sales and leasing records of a major real estate agent which are estimated to constitute a representative 6 percent sample of all such activity in the Toronto region (see Figure 2).

Among its findings are not only the net gain of the fringe municipalities ("outer regions"), but also a net shift from the three inner Metro municipalities (City of Toronto, Boroughs of York and East York) to the three outer Metro municipalities (Etobicoke, North York, and Scarborough). Indeed, other statistics indicate that the major loser of manufacturing activity within Metro has been the City of Toronto. One estimate suggests that the City has lost some 36,000 manufacturing jobs since 1959, constituting annual losses in terms of active industrial floorspace of roughly 60,000 square feet [15].



Source: A. E. LePage, 1980.

Figure 2

ORIGIN AND DESTINATION OF INDUSTRIAL MOVES BY REGION, 1975-1980

The results of this trend are reflected in Table 8, which depicts the current distribution of population and employment within Metro Toronto. From this table we see that the City of Toronto is the lone municipality whose employment share exceeds its share of population, indicating its continuing status as an employment centre in the region. However, the data presented for two specific sectors of the local economy reveal that the City's losses in manufacturing employment have been replaced by growth in office-oriented jobs. Similar growth has occurred in the service, retail, and institutional categories (not shown), where the City's 1983 share of Metro employment was 43.6, 40.5, and 46.3 percent respectively.

Table 8

PERCENT DISTRIBUTION OF POPULATION AND FULL-TIME EMPLOYMENT WITHIN METROPOLITAN TORONTO, 1983

		Employment		
	Population	Total	Manufacturing*	Office
Toronto	28.5	44.9	21.2	58.3
York	6.3	3.0	4.2	1.6
East York	4.6	2.7	5.1	1.4
Etobicoke	13.9	13.2	22.1	8.6
North York	26.1	24.2	30.1	22.0
Scarborough	20.6	12.1	17.3	8.1
Total	100.0 (2,137,960)	100.0 (989,510)	100.0 (236,516)	100.0 (434,414)

* Manufacturing also includes warehousing.

Source: Metropolitan Toronto Planning Department. Bracketed figures show actual totals.

The trends evident in the preceding discussion are somewhat consistent with the process of deindustrialization described earlier, in that the overall importance of manufacturing as a source of employment in the region has declined, and whatever manufacturing activity has remained in the region has tended to favour peripheral locations over the old central core of the city. We have further reason to suspect that plants locating (or relocating) in the fringe of the CMA are of generally larger size, implying that they have likely also incorporated new technologies in their investments in these locations. This suspicion has surfaced in previous analyses of industrial change in Toronto [23] and is suggestive of the process of capital restructuring envisioned by Massey and Meegan [27] among others.

Nevertheless, this picture evolves solely from our analysis of employment trends, and only implies similar changes in the disposition of physical capital. While local or regional capital stock data are notoriously scarce, one can get a sense of local capital formation over time by reviewing Statistics Canada's manufacturing investment data for the Toronto CMA (see Table 9). While the region's annual manufacturing investment has increased in both nominal and real terms from 1950 to 1981, it has declined in the last two years. However, Toronto's share of annual Ontario manufacturing investment has fluctuated between 18 and 26 percent, with little trend evident over the entire period. Meanwhile, its share of national-manufacturing investment has remained in the range of 8 to 12 percent. These data are significant for two reasons. First, they do not suggest any systematic decline in the prominence of the region as a destination for investment capital, relative to the rest of the province or country. Second, our earlier figures placed the CMA's share of national manufacturing employment at around 20 percent. Given that its share of new investment has been consistently much lower than this, it becomes clear that manufacturing activity in the Toronto region is significantly more labour-intensive than elsewhere in Canada. This suggests two possibilities: (i) that actual production techniques are relatively labour-intensive, or (ii) that much of the local employment in manufacturing actually performs managerial, coordinative, supervisory or other headquarter functions within goods-producing firms. In light of the occupational changes documented earlier, one plausible interpretation is that the region has been transformed over time from a center of labour-intensive manufacturing production to an administrative headquarter centre performing coordinative functions for production facilities located elsewhere.

Table 9

ANNUAL CAPITAL EXPENDITURES IN TORONTO CMA (MANUFACTURING), 1950-1983

	Toronto CMA (millions of dollars)		Toronto / Ontario	Toronto / Canada
	Current $	Constant (1971) $		
1950	51.0	84.9	.234	.102
1955	92.4	153.9	.224	.098
1960	100.9	140.0	.182	.086
1965*	264.3	288.6	.224	.113
1970	310.4	318.6	.191	.096
1975*	601.4	417.3	.210	.109
1980*	1,198.1	506.1	.251	.123
1981	1,381.1	516.7	.245	.108
1982	1,184.0	408.0	.257	.103
1983**	998.0	317.9	.261	.113

* CMA boundaries were expanded in 1961, 1971, and 1976.

** Figures for 1983 are preliminary estimates of actual expenditures.

Source: Statistics Canada, Catalogue 61-205 (various years).

While the above interpretation remains tentative subject to further empirical investigation, the emerging spatial division of

labour which it suggests is consistent with both the recent rash of plant shutdowns in the Toronto region (or relocations to other areas) [11;22;25] and the spatial restructuring of production described by Bluestone and Harrison, Massey and others. Nevertheless, Toronto's relatively consistent share of national and provincial investment over time indicates that this restructuring is occurring primarily within the boundaries of the CMA. Indeed, it is this process which is likely reflected in the outward migration of establishments and employment noted earlier. As far as manufacturing investment goes, the Toronto region does not appear to have suffered much from the realignment of population growth and migration to the western provinces which characterized the 1970s [41].

To this point our discussion has been restricted purely to the domestic realm and has ignored the international dimensions which have figured so prominently in the experience of other countries such as the United States and Britain. In comparing their experience to the Canadian situation one is immediately struck by some significant distinctions. The first concerns the far greater openness of the Canadian economy, not only in terms of its trading relations with other countries but also in terms of the flow of capital across its borders. This latter phemonemon manifests itself primarily through the chronically high proportion of foreign ownership in the Canadian economy which has persisted throughout this century.

Table 10 presents some data on foreign investment over a recent five-year period which show that, next to Alberta, Ontario manufacturing exhibits the highest participation by foreign investors of all the Canadian regions. Hence central Canada in particular has been integrated into the international economy for some time, primarily as a destination for mobile (largely American) capital in manufacturing. Furthermore, the evidence would seem to suggest that foreign-owned firms have largely performed less of the non-production activities (research and development, strategic planning, coordination) than are normally performed in the foreign headquarter locations [10;46]. The extent of the resulting spatially-defined international division of labour appears to vary from sector to sector. The greatest differentiation occurs in sectors such as automobiles and auto parts production, stemming from the continental "rationalization" of production explicitly promoted by the U.S.-Canada Auto Pact. A recent investigation of the 1960s by Holmes has revealed that:

> . . . a new spatial division of labour emerged in which Canadian plants were "allocated" labor intensive assembly and sub-assembly work and the production of low value parts using cheap, lesser

> skilled labor, whereas the more highly skilled production of high value parts was concentrated in "in-house" plants in the United States. Key decision making and research and development activities also became concentrated in the U.S. as a result of rationalization during this period [21:269].

One consequence of such arrangements for central Canadian workers is a vulnerability to decisions concerning layoffs, plant shutdowns, relocations and technological change that are made outside the country and presumably attach little importance to negative impacts in Canada. Certainly, national governments' sovereignty to regulate the activities of multinational producers has been greatly reduced. However, it is not entirely clear that Canadian-owned firms are any less likely to resort to such forms of production adjustments in the face of economic downturns or crises, as recent closures in the Toronto region by Massey-Ferguson, Canada Packers and other firms attest [22].

Table 10

FOREIGN AND DOMESTIC INVESTMENT IN MANUFACTURING BY PROVINCE, 1976-1980

	Total Foreign Investment* (millions of dollars)	Total Investment*	Foreign Share
Quebec	2,647	6,682	.396
Ontario	9,621	17,795	.541
Alberta	1,994	3,228	.618
British Columbia	1,379	3,683	.374
Rest of Canada	966	2,728	.354
Total	16,607	34,116	.487

* Figures reflect the sum of new capital expenditures over the period 1976 through 1980.

Source: Adapted from G. J. Garston, "Canada's Capital Stock", Discussion Paper No. 226, (Ottawa: Economic Council of Canada, 1983), Tables 3.25 and 3.26.

An additional international dimension to regional economic change in recent times concerns the flight of capital from established economies to offshore locations which promise cheap and abundant unskilled labour for assembly operations [45;38]. The central Canadian experience departs again from this model in that, as has already been pointed out, the region has itself served for many years as the destination for such capital. Much of this investment has been motivated by the desire of foreign companies to serve the Canadian market without being subject to tariff charges. In recent years this and other regions of Canada have served as source regions for Canadian capital which has been invested abroad, particularly in sectors such as real estate development. However, while concrete evidence remains sketchy or incomplete, it would appear that Canadian manufacturers have not engaged in an extensive internationalization of their production activities, with the exception of cases such as Massey-Ferguson, Northern Telecom, Mitel and Bombardier. This is not to say that profits earned in Canada by foreign firms are not repatriated (either through direct dividend payments or transfer pricing schemes) with the possible intention of their being reinvested elsewhere. Such occurrences suggest the international redeployment of capital earned in Canada by non-Canadian owners.

The Changing Context for Local Economic Policy Development

The developments outlined in the previous section have had profound effects on the character of local politics and policy within the Toronto region. As noted earlier, the trends toward industrial decentralization, technological change, and occupational shifts have had a particularly large impact on the City of Toronto at the center of this region. Furthermore, their impact has been exacerbated by the last recession, during which local unemployment rates moved from 4.1 percent to close to 11 percent (current rates are between 7 and 8 percent) [13]. In 1983 the number of unemployed in the city was estimated at between 35,000 and 40,000 [15]. Contributing to this situation is the fact that many of the newly created white-collar jobs within the city have gone to commuters who reside beyond the city's borders. [14].

For a city such as Toronto, which has historically enjoyed considerable prosperity relative to the rest of the country, such a turn of events has elicited major concern from local politicans and policy makers who had previously been content to pursue relatively passive development "strategies". Indeed, like most other Canadian municipalities, Toronto's "development" efforts had revolved around the promotion of investment opportunities through various media, the simplification or facilitation of approvals processing, and the provision of infrastructure and basic services to sites designated for industrial development [18;35].

This legacy of limited action at the local level can be attributed to at least three factors. First, Sancton [35] suggests that local politics in Canada have been dominated to a large degree by the interests of business and the pro-business "boosters" on municipal councils. Indeed, this implies that local governments might have done more to create hospitable conditions for private investment were it not for the other factors to be mentioned here. Second, the formal division of powers between the three levels of Canadian government has conferred upon federal and provincial actors both the responsibility and the revenue-raising ability necessary to implement many of the traditionally employed strategies. These powers encompass jurisdiction over labour matters pertaining to unionization, minimum wages, mobility, job placement, and plant shutdowns, plus a major presence in the areas of regional development, science and technology policy, and the regulation of capital markets. Supporting this formal division of powers is a third factor - namely, provincial paternalism towards local governments - which has served to restrict the possibilities for municipal action. Although the provincial-municipal relationship in Canada bears a formal resemblance to the state-local relationship in the United States, whereby local governments are created and exist solely as "creatures" of provincial fiat, a distinct absence of the home-rule ethic which is found in many American states has resulted in a continued centralization of power within provincial jurisdiction [31]. Nowhere is this more true than in Ontario, where the Province exerts tremendous formal control over municipal activity, including major planning decisions, capital expenditures and debt financing [1;16]. It also exerts considerable informal control over local initiative by its prominence as a source of revenues for municipal expenditure [3], a circumstance which has led some to characterize the provincial-municipal relationship in dependency terms [40].

Despite these limitations on local action, it is possible to discern a number of developments in the policy environment which may augur for a departure from this legacy. Over the last four or five years a number of changes have taken place within the political and administrative context of Canadian economic development policy making at the federal level to supplement the macroeconomic events mentioned at the outset of this paper. It is argued below that their combined impact has created the preconditions for significant changes in the thrust of local development policies.

The first aspect worth mentioning is the general lack of federal leadership and direction in mounting an effective development strategy to guide the nation's economy through periods of recession and restructuring. While the debate has raged over the correct course for an explicit national industrial strategy, and even whether such a strategy is desirable [7;10;47], the federal government has pursued a monetarist, anti-inflationary policy of tight money to the neglect of growing numbers (and rates) of the unemployed. The majority of these disenfranchised workers have (as noted earlier) largely resided in the same urban areas where former employment opportunities once existed, representing spatial concentrations of those who have borne a disproportionate share of the last recession and its "recovery".

Second, the federal government has taken recent steps in the reorganization of its regional and industrial development programs which amount to an abdication from its earlier commitment to spatially coordinated strategies for economically depressed areas. This has come about through the combination of two old ministries (Regional Economic Expansion; and Industry, Trade and Commerce) to form the new Department of Regional and Industrial Expansion (DRIE). Despite the prominence of "regional" in its title, the mandate of this agency is now overwhelmingly sectoral, to the detriment of problems that woud best be addressed in a spatially integrated manner [36;48]. This lack of a place orientation is particularly evident in the design of its major incentive-based strategy, the Industrial and Regional Development Program (or IRDP). While we would be the last to claim that the former department (DREE) was without its own set of problems, there can be little doubt that the recent changes have effectively discontinued the federal pursuit of territorially organized development strategies.

The third significant change in the policy environment concerns the federal government's revised stance on foreign investment in the Canadian economy. In the latter part of its most recent term, the former Liberal administration softened its previously "anti-investment" image in an attempt to bolster the sagging national economy. This trend has been continued and expanded by the new Conservative administration, which has openly declared its affection for foreign investment - this despite claims of chronic structural imbalances and technological underdevelopment resulting from the long-term prominence of foreign capital in Canada [10;46]. These claims aside, perhaps the most disconcerting aspect of this "development" strategy is the demonstrated infatuation with foreign investors to the neglect of domestically generated enterprise and policies to encourage their expansion.

There is a fourth and final alteration to the adminsitrative context for Canadian economic development policy whose origins are still perhaps too recent for one to fully gauge its impact. Nevertheless, it constitutes a change of potentially significant proportions. We refer here to the enshrinement of mobility rights within the Charter of Rights and Freedoms of the new (1981) Canadian Constitution. Prompted by concerns about balkanization and impediments to "full economic union" voiced largely by economists of a liberal-utilitarian bent [34], legal authorities [44], and certain provinces (including Ontario), the federal government adopted a clause whose purpose was to ensure the freedom of individuals to earn a livelihood irrespective of location [42]. While it is still too early to tell how such a clause will be interpreted in the courts, it would seem to confirm and strengthen the ability of private firms to relocate their operations without due regard for the social costs of such behaviour, in the name of national efficiency. Since urban residents have become particularly sensitive to the loss of jobs within their localities, this shift (if accurately depicted) will not go unnoticed in Canada's cities.

Taken together, these four shifts would seem to indicate a declining federal presence in the realm of local or regional development policy. In other matters, one would expect the provinces to occupy this policy vacuum. However, it would appear that recent provincial initiatives have focused on sectoral strategies such as export promotion, resource development, and megaprojects in the energy field [43]. Ontario's own strategies have generally shared the sectoral orientation of federal programs, paying greater lip-service in recent years to the promotion of "high-technology" options [19] - this despite the apparent shortcomings which such strategies possess [2;19].

This state of affairs raises an important question: to what extent can this policy vacuum be filled by the initiatives of local government? In the next section the recent experience of Toronto and its attempts to forge a more active development strategy is reviewed.

Local Responses in the New Policy Enviornment

Apart from the economic trends discussed earlier, a number of other civic events transpired to bring matters of economic policy to the fore in Toronto. Throughout the 1970s the major local planning issues revolved around the development of the Central Area Plan for downtown Toronto and the articulation and adoption of an overall plan for the Metropolitan Municipality ("Metroplan"). With these issues essentially resolved by the mid- to late-1970s, the worsening economy and the apparent inaction of higher levels of government quickly attracted the attention of Mayor John Sewell (1978-1980) and his successor Art Eggleton (1980-present) [262].

In response to this situation, the City came forth with a series of economic proposals which heralded a much more activist stance than it had taken in the past. This initiative found general support in a number of independent position papers from a variety of sources which, while disagreeing on the specific course of action for the City to pursue, nevertheless concurred that Toronto could and should be doing more to determine the economic fate of its residents [8;20;9;28;22;29]. It received further support at the May 1983 meeting of the Federation of Canadian Municipalities, where the mayors of Canada's largest cities agreed to make economic development "a national municipal priority" [15].

The City took a number of specific steps, beginning with the joining of its planning and development functions within one department and the later formation of an economic development division within this department headed by a director of economic development. Its first formal statement of policy was adopted by Council on February 6, 1980 [12] and proposed measures to stimulate private sector job creation through the leasing of land to firms at below-market rates, the establishment of an inventory of industrial building and land vacancies, and the improvement of privately owned industrial buildings. It was subsequently determined that almost 70 percent of all industrial buildings in Toronto were constructed before 1940, and that the total amount of serviced, vacant land for industrial development amounted to only 85 acres [29].

In September of 1983, Mayor Eggleton's office issued an updated plan for stimulating the city's economy—"A Jobs and Economic Development Strategy for Toronto"—representing the most activist initiative to date [15]. Its major elements were: (a) the establishment of the Toronto Job Development Corporation ("Job Corp") to "work with the private sector to develop and redevelop lands and buildings for industrial purposes; rehabilitate obsolete industrial sites; and pursue new industries and investment to create jobs", functioning through joint ventures with private investors [15:5]; (b) a manpower development and retraining program, developed in concert with local school boards, industry, and provincial agencies; (c) formulation of plans to promote exports, innovation, and import replacement by local industry; (d) creation of a Communications and Culture Industrial Park to foster the development of information-based industries downtown; (e) the bullish promotion of major commercial redevelopment schemes to boost the local construction industry; and (f) more aggressive pursuit of federal and provincial assistance funds for innovation, plant modernization, and small business development.

This plan represented a curious blend of political ideologies in action. Initiatives b, c, d, and f amount to classic liberal strategies of helping the market function and adjust more smoothly to change, although some of these measures are not normally considered within the purview of local governments. Element e is plain, simple, unabashed conservatism. The Job Corp plan constituted a more interesting proposal, combining as it did both public and private capital, and proposing at least limited public equity participation in productive ventures. While its land assembly orientation is reminiscent of traditional municipal strategies, its potential exploration of a new ownership form suggested a significant departure from past municipal practice.

Nevertheless, the implementation of the Job Corp concept in its original form would ultimately be obstructed by its apparent transgression of the narrowly-defined boundaries of municipal power as circumscribed by provincial aegis. In particular, this form of public participation in private ventures was deemed by local politicians and the city solicitor to be a form of "bonusing" -conveyance of financial benefit to private firms by a municipal government which is explicitly prohibited by the Municipal Act of Ontario.

In response to this situation, and acknowledging the conservative majority on City Council, the Job Corp idea has undergone a significant dilution - this despite the continued awareness of the importance of local economic restructuring which led the City to form a new economic development committee of Council in 1984. The current policy thrust revolves around efforts to cheapen and preserve industrial land in the city by compensating local industry for the speculative portion of current land prices which are inflated by the prospect of future non-industrial use.

Even this watered-down initiative may still run up against formal opposition based on the bonusing argument. Originally promoted as a means to prevent local jurisdictions from pursuing wasteful "beggar-thy-neighbour" strategies (such as offering tax incentives in exchange for local investment), the anti-bonusing provisions of the Municipal Act would seem to have gone astray from their original intent, given the City's stated objectives of retaining existing firms and generating new firms from the local entrepreneurial base. Indeed, as provincial paternalism raises its conservative head once again, it suggests at least one constraint on the pursuit of the more innovative community-based public investment options which were advocated by groups such as the Labour Council, the Social Planning Council, and the NDP aldermen of City Council during the policy formulation stage [29].

A further constraint is the general political climate in Toronto, where a progressive "reform" group of aldermen that played an active role during the 1970s no longer dominates the local council either numerically or ideologically. This is in sharp contrast to the current English situation, where the Greater London Council and various other local councils currently dominated by the Labour Party have pushed the "economic democracy" option much further [6].

Conclusion

In recent times, students of regional development have focused increasing attention on the progressively world-based organization of economic systems. This global integration consists not only of internationally organized production systems but also of internationally extensive competition. Both developments may underlie the spatial changes observed in the Toronto region and the technological change believed to be underpinning them. And yet, while the comprehensiveness of such processes can hardly be denied, it is important to emphasize that their realization or expression in a particular time and place is likely to be somewhat specific to that individual context. This paper has attempted to show how recent economic change in the Toronto region is both related to such processes and distinctive when compared to the experience of other developed economies.

It has been suggested elsewhere that such diversity of local development forms results from the complex interplay between general processes and the particular political and institutional context and history of individual regions [27]. Thus the economic policy environment and the attempts of one local government in central Canada to respond to change in a non-passive way have also been examined. This review has revealed at least two important aspects of current local practice.

The first is a new aggressiveness on the part of the City of Toronto in its attempts to invade what has traditionally been regarded as federal or provincial policy "turf". This action appears to be motivated by the local perception of inaction or indifference at more senior levels of government. Yet it is also somewhat hamstrung by current legislative and fiscal arrangements which curtail the freedom of local governments to direct the redevelopment of their economies. This is despite the fact that the impacts of major economic change are felt most tangibly and directly at the local level, and despite the reality that concerted political action is most likely to find some general consensus on the nature of the problem (if not the precise nature of solutions) at the level of individual cities. Indeed, this sentiment underlies the Science Council of Canada's recent advocacy of metropolitan technology councils as a new forum in which local economic strategies involving cooperation between business, labour and the public sector can be articulated [39].

Nevertheless, this raises a further dilemma which contrasts spatial-economic rationality and the interests of individual municipalities in terms whose starkness is relatively new to Canadian urban areas. On the one hand, there is an undeniable logic to a regional or metropolitan-scale assault on the area's economic problems. Such action would profit from both administrative efficiencies (currently most of the constituent municipalities as well as Metro Toronto itself practice some form of industrial promotion) and the benefits of planning at a scale which better encompasses the functional spatial boundaries of urban economic processes. At the same time, such metropolitan aggregations combine a variety of interests which diverge on the basis of their rather different economic fates. The contrasts between the City of Toronto and its outlying neighbours, as presented earlier in this paper, suggest a legitimacy and logic to local political units as the territorial basis for concerted public action. It is interesting to note in this regard that Perloff recognized similar dilemmas in the American context in his now-classic statement on planning education. Calling for intergovernmental fiscal reform to divert a greater share of public revenues to municipalities, Perloff asserts that "cities must be in a position where they can do most things for themselves" [32:25].

The second point of interest arising from the present case study is the central role of the city's Planning and Development Department, where the initiative for developing and implementing Toronto's economic strategy resides. This arrangement is suggestive of a new involvement of the planning profession in matters economic, both north and south of the forty-ninth parallel. This involvement is likely to expand as cities' economic development efforts move beyond simple promotion and boosting (the province of former salesmen or advertising executives) to the more holistic and territorially integrated strategies which are demanded by the economic times. Here again Perloff speaks to us from the past [32]. Not only is the complexity, wholeness, and synergy of economic interactions better appreciated at the level of individual cities, but Perloff (and Tugwell before him) believed that planners, by virtue of their generalist spatial orientation, may be best suited to the task of reviving the ailing economies of cities.

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