



Canada's Rural Regions in the Quest for Inclusive Knowledge-Based Economies

Triumphs, Prospects and Challenges

The “Iron” Laws of Density and Distance & Implications for Rural Economies

Geographic isolation

Poor transportation

Dispersed population

Out-migration of the young

Limited communication

Weaker institutions of governance

Constrained access to basic essential services

Depressed employment opportunities

Poor physical and digital infrastructure

Lower access to education

Triumphs and Emergent Trends in Rural Economic Development

Mixture of old and new strategies

- *Modernization of traditional industries (like farming, forestry, fishing)*
- *Economic diversification through service industries and tourism*
- *Development of small business and entrepreneurship*
- *Innovation-driven research and development, and*
- *Selective infrastructure development, especially digital.*

An Example:

Creating value-added agro-industrial and commercial activities built on existing comparative advantages

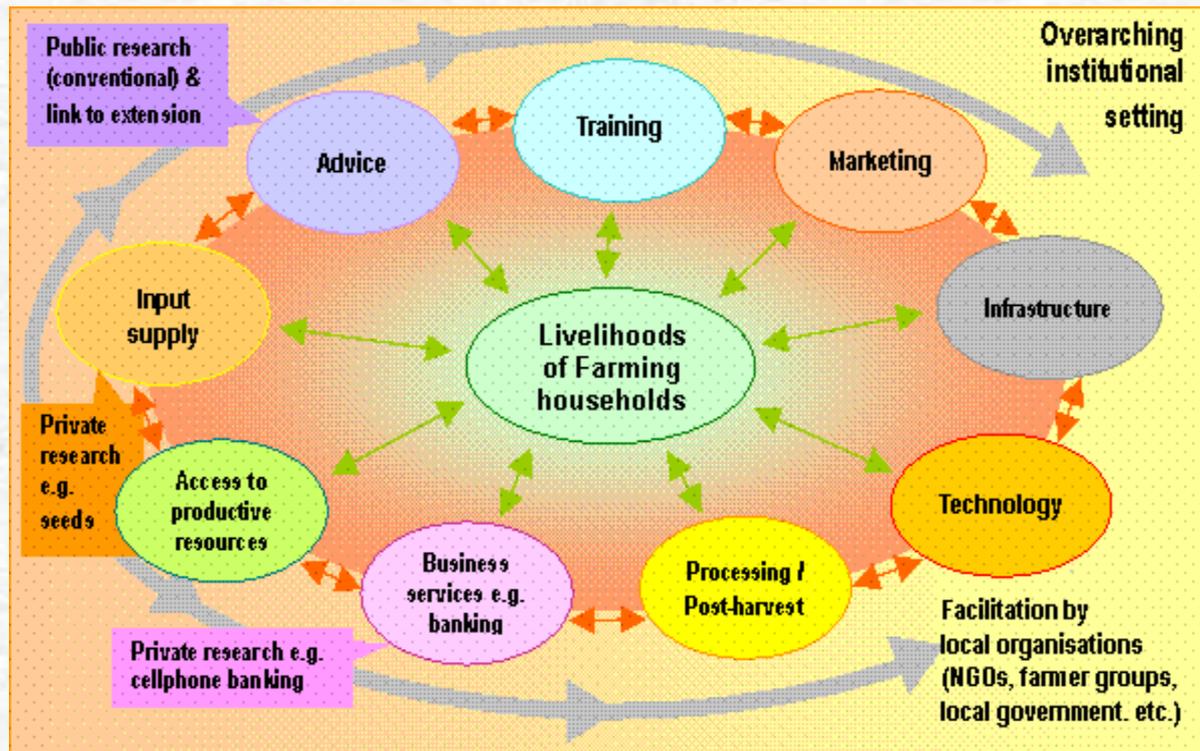
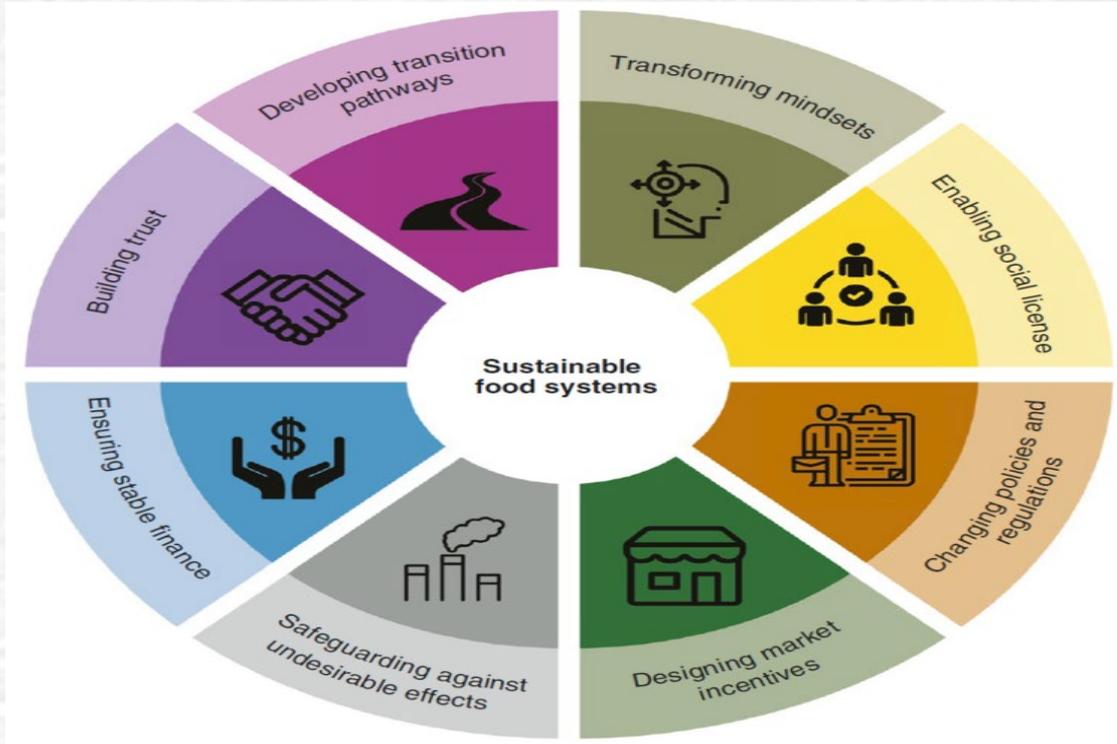


Figure 2. Innovation system from farmer's perspective (after Goldman*)

Undercurrent of new approaches: Rethinking rural economies as regional innovation systems (RIS)



Local communities asserting greater agency over their socioeconomic destiny



Private sector aiming beyond individual firm grants or subsidies and towards more sector-wide capacity building projects.

“Place-based development” or “Prosperity of place”

- *Transcending horizontal sectoral boundaries of government, business, community actors*
 - *Navigating vertical jurisdictional boundaries in the Canadian federation*
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Highlights from New Brunswick

Absence of effective local governance institutions in rural regions with ~40% of the province's population living in unincorporated areas.

This institutional deficiency rendered the community economic development (CED) model impractical.

Creation of CEDAs with advisory boards, providing a permanent forum for local stakeholders to take part in economic development decision making.

Key Milestones

- *"Prosperity Plan" (2002).*
- *New Brunswick Innovation Foundation (NBIF) (2003).*
- *"Achieving Self-sufficiency" (2006).*
- *"Action Plan for self-Sufficiency in Northern New Brunswick (2010)*
- *\$50 million Northern Economic Development Fund (NEDF)*
- *\$100 million Northern New Brunswick Infrastructure Initiative*



Underlying theme of above initiatives:

Emergent paradigm that envisaged a more strategic approach to rural economic development rooted in a knowledge-based economy

For example, the vision of harnessing new global opportunities for rural New Brunswick in 3 targeted areas: Modular fabrication & component construction industries; agro-industrial development; and resource-based industries.



Highlights from Manitoba

“Creating Opportunities Action Plan” (2001) identified rural economic development initiatives in 6 areas:

- *Alternative energy*
- *Tourism*
- *Agriculture*
- *Natural resources industry*
- *Services*
- *Agro-industrial manufacturing*

Rural Economic Development Initiative (REDI) (2002)

- Community Works Loan Program
- Rural Entrepreneur Assistance
- CED Tax Credit Program
- Community Adjustment Assistance programs

“Action strategy for Economic Growth” (2003)

Broadband Communications North program (2005) (To enhance digital infrastructure capacity for economic development, health and education services).



Brandon University's Rural Development Institute commissioned to support research and development of the rural economic development clusters (2008).

\$45 million in capital funding for the University College of the North to support expansion of services at the two main campuses in The Pas and Thompson, as well as offering a northern Community economic development diploma through Red River College in partnership with the University College of the North.

Critical feature of the above initiatives was the pursuit of regionally-embedded knowledge clusters in rural economies.





Highlights from Ontario

Rural Ontario's economy is the most diverse in Canada, and includes wholesale and retail trade, health care, social assistance, educational institutions and manufacturing (including advanced manufacturing in agri-foods and bio-products).

Rural economic development policy in the province consists of a suite of programs that support enterprise development, research, business risk management etc.





It is also part of a broader regional economic development strategy, tools and resources (an inter-ministerial & trans-jurisdictional policy delivery system that includes OMAFRA, MEDJTC, FedNor and FedDev):

- *Regional Innovation Ecosystems*
 - *Business Attraction, Retention and Expansion (Scale-ups)*
 - *Community Futures Program (CFP)*
 - *Community Economic Development and Diversification (CEDD)*
 - *First Impressions Community Exchange*
 - *Downtown & Community Revitalization*
 - *Community Immigrant Retention in Rural Ontario*
 - *Newcomers and Youth Support*
 - *Regional & Rural Economic Analysis (Market trends intelligence support)*
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Key sectors targeted by the above programs include agriculture, agri-food, bio-products & alternative energy, tourism & retail

An example is the pursuit of innovation ecosystems (knowledge clusters) in rural economies coordinated at the community level through a program administered by the Ontario Agri-Food Innovation Alliance (the Alliance)

The Alliance acts as a **modular intermediary platform** for shaping the future of the rural economies and communities' agri-food industry.

Agri-food and bio-products clusters, for instance, often bring together education, research, innovation and community to advance inclusive rural economies and global competitiveness.



Prospects and Challenges of Inclusive Knowledge-Based Rural Economies

Prospects

Multilevel governance & the imperatives of the new context of rural policy governance

Past	Present
<p data-bbox="376 742 743 771">Layer Cake Federalism</p>  <p data-bbox="280 1170 840 1263">Programs and authority are clearly divided among the national, state, and local governments.</p>	<p data-bbox="1159 742 1535 771">Marble Cake Federalism</p>  <p data-bbox="1110 1170 1593 1263">Programs and authority are mixed among the national, state, and local governments.</p>



Rural economic development as a process of navigating institutional boundaries (vertical)

Sharing power and pooling ideas & resources with non-state actors (horizontal)

Rural development as regional innovation policy & rural economies as regional innovation systems (RIS)

Rural communities increasingly influencing the processes that shape their socioeconomic destiny.



Challenges

Persistence of the “iron laws” of density and distance

Demographic trends – outmigration of the young

Infrastructure - Dated or fragile physical and digital systems

Low “community capital” - financial, human, cultural and social assets for harnessing of the knowledge economy.

Policy, Institution & Governance – Lingering legacy of a top-down architecture of policy delivery



Concluding Thought: Towards Greater Inclusivity

The role of institutional intermediaries in the multilevel governance of inclusive knowledge-based rural economies

The imperatives of the new economy require a rethink of rural economic development policy governance that gives a central importance to “place” not only as a geographical construct but also an institutional construct rooted in inclusivity that transcends sectoral and jurisdictional boundaries.

