

The New Regional Development: Is Rural Development A Viable Option in Newfoundland and Labrador?

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The New Regional Development: Is Rural Development A Viable Option in Newfoundland and Labrador?

J.D. HOUSE

INTRODUCTION

AT VARIOUS TIMES during the past century, efforts have been made to enhance the economic prospects of Newfoundland and Labrador through rural development. To date, all such efforts have been disappointing. While there have been some successes, rural areas of the province have continued to suffer from chronic low incomes, high unemployment and net out-migration. The prolonged moratorium on the groundfish fisheries, which has already lasted a decade with no end in sight, combined with government cut-backs to job creation and employment insurance supports, has exacerbated the troubles for rural households and communities.

Despite the difficulties, at the level of political rhetoric at least, support for rural development continues. The current provincial Liberal government, under Premier Roger Grimes, has recently convened a forum on rural development; and Opposition Leader Danny Williams has emphatically asserted his support for strengthening the local economies of rural regions of the province.

But the hard question needs to be asked: Is rural development really possible in Newfoundland and Labrador? Or is it a chimera, "an absurd creation of the imagination" (Funk and Wagnalls, 1983: 109)? This article will attempt to address these questions by examining efforts at rural development during the twentieth century, focussing especially on the two most recent efforts, the rural development movement of the 1970s and 1980s and the establishment of regional economic development boards during the 1990s and 2000s. No definitive answer will be given. It *may* be that rural development is not a viable option for Newfoundland

and Labrador. Alternatively, it may be that a truly concerted and integrated approach to rural development has never been implemented, in which case it would be premature to conclude that it could not work.

This article will pursue this second line of argument. It will argue that, for various reasons to be explored, efforts at rural development have not been authentic, or, to the extent that they have been, they have been thwarted by countervailing forces which have limited their effectiveness. While the skeptics cannot be proven wrong on the record to date, the need for development in rural Newfoundland and Labrador is so acute that a genuine, concerted effort, with strong support from both orders of government and other major institutions in the province (including business, labour, the school system, and post-secondary education and training institutes) is desperately needed. The approach has to be realistic. Rural development, based on sound community economic development (CED) principles and sound business principles, can never be a panacea for the economic development needs of the province. It should be a vital *part* of a coordinated provincial development strategy, which would also include a sound macro-framework and industrial policies.

PRE-CONFEDERATION ATTEMPTS

In the early part of the twentieth century, the most notable reformist effort to improve the economic lot of rural Newfoundland was William Coaker's Fishermen's Protective Union (FPU). Through the cooperative efforts of fishermen in the FPU, complemented by progressive reforms to fisheries policies, Coaker hoped to build a rural economy around the fisheries, capturing more of the wealth and economic linkages from the industry for rural communities and households than had been the case historically. The advent of World War I, Coaker's co-optation into a national government for post-war reconstruction, the powerful resistance of the old merchant class and the Roman Catholic church, and the fledgling dominion's economic and fiscal woes in the late 1920s and early '30s, undermined the efforts of Coaker and the FPU and led to their demise (MacDonald, 1987).

From 1934 to 1949 democracy was suspended and Newfoundland was ruled by a Commission of Government appointed by Britain. The Commissioners, especially the well-meaning public servants sent out from Britain, gave serious attention to the plight of rural Newfoundland. The Commission established a separate Department of Rural Reconstruction, and initiated a land settlement program in which ex-servicemen and fishermen and their families were re-settled into areas deemed to have good agricultural prospects and were helped to set up as farmers. But converting soldiers and fishermen into farmers, and trying to create commercially viable agricultural enterprises, proved problematic (Neary, 1988). It took the advent of World War II, with its attendant establishment of several military

bases in the country, to lift Newfoundland and Labrador out of the depression of the 1930s. Four years after the War ended, Newfoundlanders voted, by a slim margin, to become the tenth province of Canada.

SMALLWOOD, INDUSTRIALIZATION AND CENTRALIZATION

This is not the place to review the economic development policies of the post-Confederation government of Liberal Premier Joseph Smallwood (Gwynn, 1968; House, 1982) except insofar as it set the context for the emergence of the rural development movement. In keeping with the conventional wisdom of the day, Smallwood turned to industrialization as the means to the new province's economic salvation, first through small-scale manufacturing ventures and then, when most of those failed (Letto, 1998), through large resource-based and manufacturing projects.

To complement the industrialization efforts, and to make it easier to provide modern amenities such as electricity and water and sewer systems, the Smallwood government also embarked on a program of community centralization, referred to generally as the "resettlement" program. Based largely on blind faith in agglomeration economics, it was assumed that, by moving people into larger communities, conditions would be favourable for economic growth to occur. In most cases, this did not happen. Many residents were simply dislocated from their former fishing grounds, and became unemployed and dependent on government programs. The resettlement program created much personal distress and social unrest.

In some parts of the province, local people decided to resist resettlement, and they were encouraged in this by Memorial University's Extension Service and Institute of Social and Economic Research (Iverson and Matthews, 1968; Dewitt, 1969). The rallying cry became rural *development* rather than rural resettlement. The rural development movement was born.

THE RURAL DEVELOPMENT MOVEMENT, 1967-1994

The purest form of community-based economic development in post-Confederation Newfoundland and Labrador occurred in the late 1960s and early 1970s. Disillusioned by the forced centralization policies of the Smallwood government, people at the grass-roots level in some parts of rural Newfoundland began to organize resistance to being resettled. Local people on the Great Northern Peninsula formed the province's first Regional Development Association (RDA), and this was soon followed by other Associations being formed on the Eastport Peninsula and Fogo Island. The movement was given intellectual expression and support by researchers at Memorial University's Institute of Social and Economic Research,

who argued that some of the exciting ideas in the third world development literature, such as "small is beautiful" and "intermediate technology", should be applied to rural Newfoundland and Labrador (Brox, 1972; Wadel, 1973; Matthews, 1983). Rural development and small-scale industry, rather than urbanization and megaprojects, were to be the order of the day. Memorial University's Extension Service provided support to the movement through leadership training, organizing conferences of local developers and outside experts, and through an innovative use of film with local people to get them talking and sharing experiences and ideas about how to turn things around in their local economies.

The most successful and much publicized example of these early efforts was on Fogo Island, where the inshore fisheries were re-organized and re-invigorated through the formation of a fishermen's cooperative which ran both the harvesting and processing side of the business (Legge and Thompson, 1986). For several years, from 1972 to 1978, Memorial University also ran a training program in community development through a Centre for Community Initiatives. Due mainly to political reasons (the Centre was critical of government policies and was considered too radical), the Centre for Community Initiatives was closed down in 1978. The Extension Service survived until 1991 when, despite its enviable national and international reputation, it too was closed.¹

Some major changes occurred within the rural development movement during the 1970s and early 1980s which had both positive and negative consequences. Essentially, the movement became *politicized*, both in the sense that members of the movement became adept at lobbying politicians and government officials for financial and other forms of support, and in the sense that, for a while at least, rural development became a controversial political issue. In its attacks on the Smallwood Liberals, the resurgent Progressive Conservative Party under Frank Moores used the critique of resettlement as a way to break through Smallwood's hold on rural Newfoundland. When the P.C.'s gained power in 1972, they were committed to follow through on this support in more tangible ways. They established a Department of Rural Development, later Rural, Agricultural and Northern Development, or RAND, with Regional Development Specialists appointed to support local efforts at small-scale development (Johnstone, 1983).

The rural development movement was thereby officially sanctioned and this was institutionalized even further by both orders of government through a succession of three five-year federal/provincial Rural Development Agreements that ran from 1978 to 1994 (the third Agreement was extended for a year). These Agreements provided some administrative support — enough to hire a coordinator and cover office expenses — for both the existing Regional Development Associations and for new Associations as they were established. The movement spread rapidly with new associations being formed to take advantage of the new funding available. By 1994, there were 59 RDAs covering most parts of the province, although there

were some notable gaps in the interior and along the northern coast of Labrador, and urban communities were for the most part excluded.

The Rural Development Agreements also provided support for an umbrella organization, the Newfoundland and Labrador Rural Development Council (NLRDC). It was able to hire a small staff, provide information to the RDAs, organize some training courses in conjunction with RAND, publish a magazine called *The Rounder*, and host a provincial rural development conference and annual meeting each year. The annual conventions were highly popular and well-attended. Together with *The Rounder* and a similar magazine published by MUN Extension called *Decks Awash*, they provided means by which people from all parts of rural Newfoundland and Labrador could exchange information and share ideas about rural development.

The boards of the RDAs and of the NLRDC were democratically selected. Their existence and their growth contributed greatly to the democratization of rural Newfoundland which, until recently, had a history of weak or non-existent local governments. The RDAs also proved to be a training ground for leaders. Many politicians and successful leaders in other fields got their start in the rural development movement of the 1970s and 1980s.

Making sustainable, long-term economic development happen is, however, no easy task. Unemployment increased in the province during the 1970s, as the post-Confederation construction boom ended, the construction phase ended for most of the province's large-scale resource and industrial projects, and mechanization meant fewer jobs in logging, pulp and paper and mining. Employment in both the harvesting and processing side of the inshore fisheries continued to be highly seasonal. The problems were exacerbated in the early 1980s by the international and national recession, with its attendant high interest rates which limited capital investment, and by layoffs by primary producers to become more competitive.

To help deal with high unemployment and seasonal unemployment, first the federal government and then the provincial government began to invest in a series of government-sponsored job creation programs. In the local vernacular, these were known as "make-work" projects. Although originally intended to extend the working season, they quickly became distorted, by clients, officials and politicians alike, to become means by which people could qualify for unemployment insurance benefits (UI). Ten weeks work in a fish plant, in the woods, on a construction gang, or, if all else failed, a make-work project, would qualify an individual for 42 weeks of UI support. The rational economic adaptation in rural Newfoundland came to be to qualify as many household members as possible for UI.

What did this mean for the rural development movement? In some cases, it meant that tireless local workers and volunteers were able to access monies through a series of short-term projects to achieve some long-term economic development goals, such as the construction of a local fish plant, the clearing of a common pasture for local agriculture, or the beginnings of a local aquaculture industry. In many

other cases, however, usually unwittingly and against their own better judgement, the RDAs found themselves lobbying for and then administering projects designed more to qualify people for UI than to contribute constructively to long-term economic development. They were aided and abetted in this by politicians and government officials who were only too happy to have a local agency serve as the intermediary between them and the community. Despite their good intentions and best efforts, the RDAs found themselves caught up as dependants in a process of patronage politics and patronage administration. The effectiveness of the RDAs was also limited by a lack of training in community development and in sound business principles. Many of their initiatives sounded good in principle and were supported by government grants, but too often they were not backed up by hard business analysis that demonstrated their marketability and long-term viability.

By the mid-1980s, the original impetus and intent of the rural development movement had become distorted. It had become coopted by and institutionalized into government efforts at short-term job creation and containment. While there was a great deal of rhetoric about rural development, the substance was less than the appearance because of the way in which the movement, understandably under the circumstances, had become distracted from its original purpose. The province's rural economy had become largely transfer-driven rather than market-driven. Rather than the creation of viable enterprises to create new wealth and genuine long-term employment, the driving dynamic was to qualify as many household and community members as possible for unemployment insurance, with the Development Associations playing the intermediary role between government patrons and community clients as the local administrators of make-work programs.

In 1985, Premier Brian Peckford of the ruling P.C. government established a Royal Commission on Employment and Unemployment (RCEU).² The Commission was charged with investigating and reporting back on the province's high unemployment level (then around 24 per cent, about twice the national average). Its mandate included examining job creation programs and the adequacy of the income security system. The Commission submitted its Report in the fall of 1986. It took a wide-ranging approach to its mandate, and its Report included 242 recommendations covering all sectors of the economy, income security reform, educational reform and even the workings of government itself as it affected economic development.

As part of its background research, the Commission examined rural development efforts in other jurisdictions. In particular, it looked at the efforts of the Highlands and Islands Development Board (HIDB) in a comparable region in the north of Scotland. It found that, by investing in potentially viable enterprises with long-term employment prospects, rather than short-term make-work projects, the HIDB, while creating fewer jobs in the short-term, was more successful than Newfoundland in creating "real" jobs in the long term (Canning, 1986). The Scottish experience accorded with successful efforts at small-scale community economic

development in other rural regions of the world. At the same time, however, the rural development movement in this province was facing a legitimization crisis. It had become distracted from its original purpose and was not being taken seriously by senior politicians and public servants (Simms, 1986).

The RCEU Report was different from earlier analyses and prescriptions about the Newfoundland economy in its emphases on rural renewal and small scale enterprise. Rather than dismiss the outports as anachronistic, it argued that there were real strengths there on which to build an integrated approach to employment creation. The rural development movement would have an essential role to play in this process, but, in conjunction with reforms to the income security and job creation systems, it would be re-configured so it could focus its energies on long-term local social and economic development. The Royal Commission made nine recommendations for strengthening rural and regional development (1986: 371-377). These included passing a Rural and Regional Development Act supporting the role of the RDAs, decentralizing funding to the regions, education and training in regional development through Memorial University and the community college system, and gearing job creation programs to support long-term development. To complement this, as part of its philosophy of building on strengths in an integrated way, the Commission also made twelve recommendations for supporting small enterprise development and eight recommendations aimed at strengthening credit unions and co-operatives.

Early in 1987 the Newfoundland and Labrador Rural Development Council, in partnership with Memorial University's Extension Service, held a special convention in Gander to discuss the Royal Commission report. On the whole, the response was highly favourable, with some delegates even referring to the report as the new Bible for economic development for the province. It should be noted, however, that a recommendation for the establishment of "Regional Development Boards with strong mandates to identify and encourage opportunities for economic development and employment creation throughout every region of Newfoundland" was greeted with some resistance (RCEU, 1986:372). There was concern that this would lead to another level of bureaucracy and divert funds from the RDAs themselves (Extension Service, 1987).

The RCEU Report was *not* favourably received within the public service bureaucracy of the Government of Newfoundland and Labrador. An internal review of the Report was especially scathing about its focus on rural development and small-scale economic diversification:

the Study Team views the Commission's overall vision of rural Newfoundland as idyllic and unrealistic. It is seen as a romantic vision which does not recognize the profound changes that have occurred in rural Newfoundland over the past 50 years, including the continuing migration of people (especially young people) from smaller centres to larger centres ... the Study Team questions whether wide-scale employment

opportunities are potentially available in all parts of the Province, but particularly in rural Newfoundland (Government of Newfoundland and Labrador, 1987).³

The effect of this bureaucratic resistance was essentially to stalemate the RCEU's emphasis on rural and small-scale development and, after its initial enthusiasm, the rural development movement was forced to carry on in its established fashion. A golden opportunity for a genuine attempt at rural development in the province was lost.

A PROLIFERATION OF AGENCIES

In the meantime, other changes were underway throughout the regions of the province. Local government was gradually getting stronger, and several municipalities established their own economic development offices. The federal government introduced a separate approach to regional development. It set up 17 Community Futures Committees, with appointed boards, throughout the province, in conjunction with a network of Business Development Centres to support small-scale enterprises. With the closing of the Newfoundland railway, it also set up development corporations in Port aux Basques and Bishops Falls. On the Great Northern Peninsula, several RDAs themselves came together to form the Great Northern Peninsula Development Corporation. In the early 1990s, as its first response to the pending collapse of the groundfish fisheries, the federal government also introduced a Fisheries Alternative Program (FAP) with offices decentralized around the province.

Meanwhile, in 1989, the provincial Liberals under Clyde Wells came into power. One of the key advisors to Wells during the election campaign was the former Executive Director of the RCEU. The party's election campaign included the promise to establish regional boards along the lines suggested in the Royal Commission report. After being elected, Wells formed an Economic Recovery Commission (ERC) and invited the former Chair of the RCEU to chair this new commission as well. One of the ERC's first initiatives was to transform a business support agency, Newfoundland and Labrador Development Corporation, into Enterprise Newfoundland and Labrador Corporation (ENL) with decision-making decentralized to five regional offices. One of the ERC's main aims in forming ENL was to strengthen support capacity in all regions of the province. In the event, however, the business support function of ENL was to predominate over its rural development function (House, 1999: 125-143).

The Wells government did not adopt the 1986 Royal Commission Report as its guide to action. Instead, it initiated a process which led to the production of a new strategic economic plan, *Change and Challenge* (1992). On paper, the strategic economic plan (SEP) was consistent with the new-economy, economic-diversifica-

tion thrusts of the Economic Recovery Commission. In practice, however, its implementation was left to a group of senior officials who were neither involved in its production nor committed to its implementation. Since Clyde Wells' resignation at the end of 1995, the strategic economic plan, like the Royal Commission report before it, has fallen into disuse. It never became the "living document" envisioned by Premier Wells in his Foreword (Government of Newfoundland and Labrador, 1992: iv).

An apparent exception to this was the SEP's approach to rural and regional development. In keeping with the RCEU Report and the Liberals' election platform, the strategic economic plan included a section on economic zones and regions. The zones were to facilitate "the development of economic plans by the people in each zone" (p. 16), and the plan promised more decentralization of government decision-making. When government officials, who were opposed to decentralizing decision-making, dragged their heels, Wells himself spent a long holiday week-end drawing up what he thought would be the appropriate zones (17 initially, eventually increased to 20).

This was also a period of severe fiscal restraint by both the federal and provincial governments. The former was making it clear that the level of funding it would be providing for federal/provincial cooperation agreements would be much reduced. In particular, it insisted that there would not be a new rural development agreement with guaranteed funding for the RDAs and the NLRDC. As government saw it, there were now too many agencies involved in regional development with too much funding and little accountability. There were, then, two potentially conflicting directions to what would become the new approach to regional development. For both the federal Atlantic Canada Opportunities Agency (ACOA) and the provincial ERC, it was mainly a matter of expediting economic development. For both the federal and provincial Treasury Boards, it was a way of saving money. (In time, this second priority would limit political and administrative support for the first).

In the meantime, the rural development movement itself had become disillusioned with its role as broker for job creation projects. It was looking for new approaches and cooperated with the Newfoundland and Labrador Federation of Municipalities on an initiative called Innovations in Regional Planning and Development. Seeing the writing on the wall, the NLRDC took the initiative to recommend to government the establishment of a commission to examine and make recommendations about community and regional economic development. After some delay, the federal and provincial governments announced in January of 1994 the establishment of a Task Force on Community Economic Development in Newfoundland and Labrador. The Task Force was co-chaired by the Vice-President for Newfoundland of ACOA on the federal side and by the Chairperson of the Economic Recovery Commission on the provincial side. Members included both representatives of other government agencies and departments (Enterprise Newfoundland and Labrador

Corporation, Human Resources and Development Canada) and community-based organizations (the Newfoundland and Labrador Rural Development Council, the Federation of Municipalities, Community Futures, Business Development Centres and the Women's Enterprise Bureau). Simply put, the mandate of the Task Force was "to address the future directions of local economic development in the province" (*Community Matters*, 1995:22).

The Task Force carried out public consultations, accepted briefs from interested parties, and conducted its own research program into the current state of community economic development in the province. It reported to both governments in the fall of 1994. With some important exceptions (discussed below), the provincial government accepted the thrust and most of the 29 recommendations of the Task Force.

In essence, as its title, *Community Matters*, implies, the Task Force gave a strong endorsement for community-based economic development in Newfoundland and Labrador. Nevertheless, it believed that change was necessary, constructive reform that would be both affordable and would get regional development efforts back on track in support of long-term economic development and diversification. A newly announced federal/provincial agreement, the Strategic Regional Diversification Agreement, was adapted to become the primary funding vehicle for implementing the Task Force's call for a new thrust for regional economic development. But what was to constitute this new thrust?

COMMUNITY MATTERS:

THE NEW REGIONAL ECONOMIC DEVELOPMENT

Community *economic* development (CED) refers to wealth generation and employment creation at the local level based mainly on the bottom-up efforts of local people themselves. The key issue is that the community asserts *control* over its own economic destiny. As André Joyal puts it, "community economic development is an overall strategy that involves developing local resources by means of a democratic, non-hierarchical organization that would also offer expertise and support, exploring all available means of financing" (1995: 87).

In Newfoundland and Labrador, however, the settlement pattern is characterized by hundreds of small coastal communities scattered along thousands of miles of coastline all around the island and along Labrador. The communities are too small to think in terms of a CED approach for each small village separately. From the beginning of the rural development movement, the focus has been on larger regions, comprising a number of small communities. Furthermore, the Premier and other political leaders were wary of endorsing the concept of *community* economic development in the fear that every small community in the province

would be demanding its own economic development thrust to be funded by government.

It was decided, therefore, to use the term *regional* economic development (RED), with the understanding that most regions would include some large towns and several small ones. Since the term "regions" was already being used to refer to the five regions where Enterprise Newfoundland and Labrador had its regional offices, the new divisions of the province for the new thrust in economic development were called "zones". There are now 20 zones with 20 regional economic development boards.

The main difference between the new approach to regional economic development in Newfoundland and Labrador and classic CED is the explicit intent to institutionalize a *partnership* approach between government and community. It is neither top-down nor bottom-up; or, rather, it is both at the same time. Ideally, the regional boards are where bottom-up meets top-down. Government agencies, both federal and provincial, are expected to play a supportive role in the development and implementation of each zone's efforts at economic renewal. While in the past many genuine efforts by local people at creating their own economic development have been thwarted, often unwittingly, by government agencies and red tape, the new approach in Newfoundland and Labrador is intentionally designed to mobilize the resources of government agencies in support of locally initiated development.

Hence, the new regional economic development is an official part of government policy, both provincial and federal. Through, first, the Strategic Regional Diversification Agreement, and, subsequently, the Comprehensive Economic Development Agreement, governments provide core funding for the boards. Each board produces its own strategic five-year plan and negotiates with government for funding, and for other kinds of support, to help implement the plan. Non-financial support — providing information, lending expertise, helping coordinate activities in adjoining zones, providing education and training — is, in principle, just as important or even more important than granting money.

This partnership between the regional boards and government agencies is formally constituted into *performance contracts* with identifiable goals and outputs to be achieved over the five years of the plan. The plans are intended to make the boards, other agencies involved in implementing the plans, including RDAs, and the relevant government agencies fully accountable. The contracts are public documents to be tabled in the House of Assembly and reviewed each year.

The danger of this approach, compared to classic CED, is that it might undermine the spontaneity and grass-roots energy of locally-based development. In areas where such initiatives already exist, the role of the Regional Economic Development Boards (generally referred to as RED Boards) is, ideally, to encourage and support such efforts. Where the grass-roots effort is weak or distorted by make-work, the role of the Board is to act as a catalyst to help energize or re-energize locally based development. To guard against the risk of too much top-down control,

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the Task Force insisted, and government agreed, that all the members of the RED Boards would be selected by the people of the regions themselves.

As described in *Community Matters*, on the basis of the principle that “one size does not fit all,” each region, through a provisional board set up to get the process started, determines the make-up of its board, based on the following principles of who should be represented. Recommendation 8 of the Task Force Report reads:

Regional Economic Development boards should be structured by the Provisional boards recognizing the following:

- existing regional development groups
- municipalities
- business and labour
- education and training institutions
- gender equity (*Community Matters*, 1995: 74).

The issue of gender equity and women’s participation proved contentious, both within the deliberations of the Task Force itself, and in its implementation. The Report describes it as follows: “By gender equity the Task Force means that women and men should enjoy fair and equal consideration for all board and staff selections. Every effort should be made to ensure approximately equal representation of males and females on all Provisional boards and Regional Economic Development boards in the zones” (*Community Matters*, 1995: 68).

As envisioned by the Task Force, the Regional Economic Development Boards are to play the leadership role in economic development in each of the 20 zones. Specifically, they would perform the following five functions:

- i. leadership role in the development and implementation of zonal strategic economic plans
- ii. operate a business investment centre through Business Development Centre Board
- iii. provide support to organizations and communities within the zone
- iv. coordinate all social and economic initiatives relating to regional economic development in the zone
- v. promote public participation and community education (*Community Matters*, 1995: 65).

THE REGIONAL ECONOMIC DEVELOPMENT BOARDS: PROGRESS TO DATE

Returning to the key question guiding this article, "Is rural development a viable option in Newfoundland and Labrador?," it is clear that the performance record of the new system of 20 regional economic development boards in 20 zones will be pivotal. The boards have only been up and running for six years. No thorough and systematic evaluation has been carried out of their performance to date. In the summer of 1999, I and my research assistants carried out a small survey of the 20 RED Boards (Combden and Pike, 2000). This gives some information from the point of view of the Boards themselves. More recently, government commissioned a study by a consultant, which was described as a "taking stock" exercise rather than a systematic evaluation.

In the 1999 survey, each of the 20 RED Board executive directors (or, in one case, chairperson where no executive director had yet been appointed) was sent a questionnaire which covered topics including: activities of the board, impressions of support from government and other agencies, degree of public support and assessment of success of the process so far.

Overall, the survey demonstrates two positive findings: the boards are very busy and engaged in an impressive array of activities; and, despite the problems of rural Newfoundland and Labrador and the difficulties the boards face, they are generally positive and optimistic about the prospects for their regions. The 1999 survey found that the RED Boards were involved in initiatives in many different sectors. Tourism was clearly the major sector of focus, with other new opportunity sectors in aquaculture, information technology and manufacturing also being cited. Traditional resource sectors — fisheries, agriculture, forestry and mining — were still important, but not nearly as dominant as they would have been ten years ago. The survey found that the boards are engaged in several capacity-building efforts and supportive social activities as well.⁴

The range of activities, as shown in the more detailed responses, is quite remarkable. Many are unique to each zone, thereby validating the Task Force's dictum that "one size does not fit all." The following list is illustrative:

- * mining technology training
- * new docking facilities
- * black fly treatment initiative
- * co-wrote master plan for snowmobile trail initiative
- * a comprehensive plan to attract inward investment
- * bird sanctuary in the valley
- * seaweed grow-out pilot
- * work with export companies to e-market their products
- * development of a blueberry grower cooperative

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- * two cranberry growing pilot projects
- * value added for shrimp and crab waste
- * career development experience for youth
- * ideas forum, job fair, good news stories
- * creating awareness of export opportunities

The list of activities that the regional boards are involved in is indeed impressive, and gives the lie to those who sit back and lament that “there’s nothing to do” in rural Newfoundland and Labrador.

According to the “Taking Stock” report, “All of the RED Boards have success stories”, including such activities as the Hyron Economic Development Board in Labrador West helping develop a partnership between the mining industry and the College of the North Atlantic to educate the ‘workers of the future’, the Schooner Regional Development Corporation helping to nearly double the number of cod farms on the Burin peninsula, and the Emerald Zone Corporation assisting local businesses to grow their enterprises on the internet (Baird Planning Associates, 2001: ii). It should be cautioned, however, that neither study has examined how *viable* these enterprises will be in the long run, nor the extent to which they might have happened anyway if the Boards had not been involved.

Another positive finding is that the new *structure* for regional economic development seems to be working.

In almost every case, it was found that the structure of the regional economic development process is sound. Participants from government, stakeholder organizations and RED Boards, while sometimes frustrated, overwhelmingly hold the opinion that the current arrangements for regional economic development are superior to previous approaches (Baird Planning Associates, 2001: ii-iii).

According to the Taking Stock report, the two main government agencies, the Department of Industry, Trade and Rural Development (DITRD) on the provincial side and the Atlantic Canada Opportunities Agency (ACOA) on the federal side, are supportive:

Discussions with senior officials of DITRD and ACOA revealed a strong commitment to the zonal process and to strengthening their partnership with RED Boards...They feel that the initiative to establish RED Boards as regional catalysts for economic development has been successful (Baird Planning Associates, 2001: 16).

At the political level, the provincial government’s Renewal Strategy for Jobs and Growth (March, 2000) identified the REDBs as the “core institutional mechanism” to foster economic development. In the 1999 survey, most boards felt government, both politicians and officials, were being supportive of their efforts. Seventy per

cent of both provincial officials and politicians were cited as being either supportive or very supportive, compared to 60 per cent of federal officials and 53 per cent of federal politicians.

All of this seems promising, and shows that the new approach to regional economic development in Newfoundland and Labrador is now well-established in most regions. It is premature, however, to call it a success. While most regions have strategic economic plans in place, and can list a number of initiatives in which they are involved, the number of viable new or expanded enterprises and the number of new long-term jobs created has been small so far. The Boards themselves, and the consultants who carried out the Taking Stock exercise, have identified several weaknesses which imply that the new approach to regional economic development can be strengthened. The Boards have not yet been given the degree of autonomy, resources and support from major provincial institutions that they need to be fully effective.

BARRIERS AND CHALLENGES

The Boards themselves express a lot of frustration. The favourable response in the 1999 survey about government support is based mainly on the immediate contacts that the boards have in the regions with regional representatives of various government agencies. They are less sanguine about their impressions of support from central agencies and senior levels of government departments who wield more power. The following comments are illustrative:

The government employees that are hands on, a good level of support exists. Those that are not hands on day to day, a degree of indifference exists.

Support at the middle management level is fair, but at the senior/political level it is business as usual.

It varies from individual to individual. If it's something they can use, they grab and run with it, but if it requires consideration for change or input in policy, you can forget it!

According to the Taking Stock Report, the Boards feel frustrated that they have been defined by government as playing only a planning role in regional economic development. They have been given neither the mandate nor the resources for the *implementation* of their initiatives. The idea promulgated by government is that responsibility for implementation should be passed on to sub-zonal bodies, such as Regional Development Associations, or, ideally, to private businesses. The problem in most of rural Newfoundland and Labrador, however, is that the private sector itself is limited in its capacity and the RDAs have even less capacity to run business enterprises.

This is an extremely important issue, both for the RED Boards and for the future economic prospects of rural Newfoundland and Labrador. What seems to be happening is that, imperceptibly and perhaps even unwittingly, the bottom-up/partnership approach is becoming distorted into a top-down process in which government officials have re-defined the role of the boards to be much less than was envisioned by the Task Force. The danger is that the RED Boards, like the RDAs before them, will become coopted into playing an intermediary role in a bureaucratic process, and they will have to acquiesce to this as a condition for receiving financial support from government.

The intention of *Community Matters* was the opposite of this. The intention was that the Regional Economic Development Boards themselves would be proactive leaders in business and economic development. While they would not normally run businesses themselves (exceptionally, maybe they would, at least to get things up and running: the point is that that would be up to them), they would have at their disposal both the financial and non-financial capacity to support business development.

The Task Force made two important recommendations by which the RED Boards were to have been enabled to provide financial support to business enterprises. In the words of the Report: "To succeed in implementing their regional strategic plans, it is crucial that the Regional Economic Development boards have a local investment fund at their disposal" (1985: 61). Recommendation 3 of *Community Matters* included as item (ii) that the boards would "operate a business investment centre through a Business Development Centre Board" (1985: 65). The idea was that the provincial network of Community Business Development Corporations would be incorporated into the Boards. This did not happen. Instead, government weakened this function of the Boards to "coordinate business support", with no funding for this purpose. This has produced the unsurprising result, as reported in *Taking Stock*, that "strong collaboration is not taking place between RED Boards and the province's Community Business Development Corporations" (Baird Planning Associates, 2001:iv). This has also had the unfortunate consequence that the local business community does not take the Boards as seriously as it would do if they enjoyed a business funding function. One of the disappointments for the Boards, as reported in the 1999 survey, was that they were not getting the support of either business or labour to the extent that they had hoped. In the survey, over half of the senior executives of the regional economic development boards reported feeling that the business community was uncommitted or not very committed to the work of the board; and 70 per cent felt that labour organizations were either uncommitted or not very committed.

The Task Force also advocated encouraging local people to invest their own money in regional economic development, rather than exacerbate dependency by relying only on government sources. It recommended that "federal and provincial agencies should examine alternative financial instruments for the mobilization of

local capital and make specific recommendations to their respective government by 31 March 1995" (*Community Matters*, 1995:93). No action has been taken on this recommendation, nor is it mentioned in the Taking Stock report. If the RED Boards were able to establish Community Capital Corporations for mobilizing local capital to support local enterprises, they would be seen as having more clout and could be more effective in making economic development happen.

The Taking Stock report points out that the RED Boards are not well-known in their communities and emphasizes as one of its main recommendations that "sufficient monies be allocated as quickly as possible for the development and implementation of a communications strategy aimed at increasing public awareness and education of the RED Board process" (Baird Planning Associates, 2001: 15). This is well meant, but the RED Boards are unlikely to become well-known in the community unless and until they become effective at initiating wealth generation and employment creation. This depends on their having the capacity to make economic development happen.

In part, the capacity the Boards need is financial. In addition to having some funds under their direct control to invest in business initiatives, the Boards need to have secure, long-term financial support for their operations. Otherwise, too much of their energy is diverted into fund raising rather than economic development. The Boards also need various forms of non-financial support. *Community Matters* recommended that the education and training capability in the province in support of the new regional development be strengthened, and that a Regional Economic Development Institute be established to bring outside knowledge and expertise to support the efforts of the RED Boards at the local level. These recommendations have not yet been acted on, although the Taking Stock report agrees that they should be. If it is to succeed, Memorial University and the College of the North Atlantic must become strong contributors to capacity-building for the new regional economic development.

Recognizing the essential role of modern telecommunications technology in regional development in the new economy, the Task Force had recommended that the "ACOA/Enterprise Network should be the main electronic information platform for regional economic development in the province" and that the Network should work with the boards "to determine how to effectively establish that information arm at the zonal level" (*Community Matters*, 1995:105). Instead, the Enterprise Network, a quasi-independent agency, was closed down and replaced with a regional network of government officials from the Department of Industry, Trade and Rural Development. Without debating the merits or otherwise of the Enterprise Network, the point here is that, once again, the logic of bottom-up has been replaced by the logic of top-down and bureaucratic control.

If the new approach to regional economic development is to work, then government thinking has to change. There has to be a genuine shift in the mind-sets of politicians and public servants to view themselves as *supporters* rather than

directors and *controllers* of the process. The Task Force recommended that: "Governments should foster within the public service a new attitude which recognizes as valuable, supports and works with the efforts of regional economic development groups throughout the province" and, specifically, that "The Public Service Commission should develop and facilitate regional economic development education and training for government officials" (*Community Matters*, 1995:112). Six years later the Taking Stock report reiterates this sentiment by recommending that "the major functions of relevant government staff, in working with zone boards, emphasize a support role as opposed to a regulatory function" (Baird Planning Associates, 2001: 18). A good place to start would be to re-think and re-design the procedures for implementing the Comprehensive Economic Development Agreement to actively seek out and support promising regional initiatives, rather than passively waiting for proposals from the regions and evaluating whether or not they satisfy program criteria.

Governments also have to recognize the danger of volunteer "burn-out" in the work of the Regional Economic Development Boards.⁵ Board members are not paid for their efforts. As long as they feel they are appreciated and their efforts are being supported and valued, the intrinsic rewards of contributing to their community and region can keep them motivated. The Task Force on Community Economic Development recognized this in its very first recommendation:

Governments should recognize the major contribution and importance of volunteer efforts in regional development and express commitment to ensure that such efforts be allowed to continue (1995: 50).

In rural Newfoundland and Labrador today, a small number of individuals carries a heavy burden of the volunteer effort in support of the new regional economic development. If they are not to be paid for their efforts, at least they should be recognized and appreciated; and the Boards on which they serve should be given the autonomy, authority and support to carry out their mandates effectively.

CONCLUSION: FROM FORM TO SUBSTANCE

No definitive conclusion can be drawn at this time about the question posed in the title to this article. A genuine, authentic, whole-hearted attempt at rural development, with the full support of both orders of government and other major provincial institutions — Memorial University, the College of the North Atlantic, the business community, the labour movement — has not yet been undertaken.

Focussing mainly on the post-Confederation period, this article has reviewed the history of the rural development movement of the 1960s to 1990s and its successor, the new regional development of the 1990s and 2000s. The latter was

designed to build on the former, to avoid some of the ways in which it had become distorted from its original purpose, and to build stronger capacity for regional development. Since 1995, significant progress has been made in getting the structure for the new regional development up and running. The new form is in place, but it needs more substance. The volunteers and staff who run the Regional Boards have to be given more authority, resources and supportive capacity in order to have a real chance at success. Only when this happens, and when it has been in place for several years, can the contention that rural development is a viable option for Newfoundland and Labrador be truly tested. This article is written in the confidence that the evaluation would be positive. Given the pressing needs for economic activity and employment in rural Newfoundland and Labrador, the least that can be asked is that the new approach to regional development be genuinely tried.

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Notes

¹The rise and fall of university-based agencies, and the loss of that important supportive capacity for the rural development movement is a story in itself beyond the

purview of this article. The Institute of Social and Economic Research still exists, but has become more of an internal funding agency for academic social science research than an active player in a social movement.

²The reader should be informed that the author of this article served as the Chairperson of this Royal Commission, and later as the Chair of the Economic Recovery Commission and provincial Co-Chair of the Task Force on Community Economic Development.

³While most of the attention of both supporters and critics alike was on the RCEU's vision of rural development and small-scale enterprise, the Report as a whole advocates a *balanced* approach incorporating both urban and rural, and both large-scale and small-scale enterprise.

⁴Readers interested in more details from the survey are referred to the "Compendium of Findings" compiled by Combden and Pike which is cited in the References to this article.

⁵This is a more general problem in contemporary Newfoundland and Labrador, not only in regional economic development but also in social development, health care and education. The difficulty for volunteers is exacerbated when, as too often happens, government uses the boards as scapegoats for blame when things go wrong. The whole issue of volunteers and their role in governance needs serious re-consideration.