MANITOBA'S REGIONAL DEVELOPMENT CORPORATIONS: LESSONS FOR
LOCALLY-BASED RURAL DEVELOPMENT

by

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ABSTRACT

Over the last century the Prairie region has undergone a transition from predominantly rural to predominantly urban settlement. By the early 1900s emphasis began to shift from rural-based primary activities to urban-based industrial activity. One product of this transition was the marginalization of rural communities.

An examination of literature pertinent to Canadian development policy reveals no single solution to rural decline. Instead there are numerous theories and recommendations which communities can adopt. One such strategy has been locally-based development. The purpose of this thesis is to contribute to knowledge concerning what locally-based organizations can do to mitigate the impact of decline in rural communities. As a case study, Manitoba’s Regional Development Corporations (RDCs) are analyzed within the context of the provincial government’s overall approach for rural development in order to investigate their effectiveness in contributing to locally-based rural development. This effectiveness is measured in goals, strategies and processes of an RDC as they changed over three periods: (1) 1963/73, (2)1973/83, (3) 1983/90. In each period the following questions were asked:

1. What priorities or objectives were emphasized in provincial development policy?

2. What strategies were used by the province and RDCs to achieve rural development?

3. What role was established for locally-based participation?

Throughout the three study periods the province’s regional policies remained based on laissez-faire economic principles, while the RDC approach was oriented to regional-national integration (i.e., merging of regional economic activity with national and international markets). The conclusion is that RDCs affected rural development by enhancing the abilities of local businesses participating in the provincial marketplace.

RDCs have concentrated on supporting a process for adapting to rural transition, rather than reversing forces impinging on rural communities. Lessons extended from the RDC study suggest that if efforts to enhance a rural area’s competitive position in national or international markets become the principal objective for local development, the unique qualities associated with rural life may be difficult to maintain.
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1. INTRODUCTION

1.1. PROBLEM STATEMENT

Changes in the structure of Canada's economy will have impacts on rural communities across the nation. Because the potential exists for many communities to face negative circumstances, it becomes important to consider what can and cannot be done to mitigate the impacts. One way to understand what alleviates or accentuates the impact of structural change is to explore the variety of approaches being applied by different groups to address rural problems. This thesis is intended to extend knowledge concerning locally-based alternatives for rural development by analysing the Manitoban approach known as Regional Development Corporations (RDCs).

1.2. THE RESEARCH QUESTION

The process of change discussed in the problem statement obviously involves more than provincial government and the RDCs. The federal government, trans-national companies and many other actors have some influence over the rural transition that locally-based organizations attempt to address. The influence all participants have had on rural transition and RDC activities is beyond the scope of this study. Within this analysis of Regional Development Corporations the focus is on the goals strategies and processes of the RDCs within the context of the
From the discussion of theories presented in Chapter 2, the focus of this thesis is brought down to three specific questions:

1. What priorities or objectives were emphasized in provincial development policy?

2. What strategies were used by the province and RDCs to achieve rural development?

3. What role has been established for locally-based participation?

Answering these questions in subsequent chapters will yield a greater understanding of the approaches adopted by provincial government and Regional Development Corporations, and provide enough insight to answer the primary research question. Before proceeding further, a definition is required for "rural development." Rural development is a concept often mentioned, but difficult to express. "Development" implies evolution from one state, or form, to another more sophisticated and complex state. In the urban planning field "development" is often associated with movement from less to more intensive use of space. Therefore, planners often equate "development" with the objective of achieving "highest and best use" in regard to space.

Development can also refer to a capacity in individuals to increase responsiveness to their surroundings. Development in this second interpretation involves a process of learning and adaptation which enhances proficiency in measuring available means, and formulating responses that take the individual(s) closer to their desired objective.

In this thesis the second definition is of greater importance. The analysis here
concerns how residents organize and select their approach to influencing rural transition, rather than how real-estate is shaped and regulated. Therefore, "rural development" will follow the second interpretation, and will be defined as a process which allows residents to become more proficient in evaluating what they can do to improve the quality of life in rural communities.

1.3. RATIONALE FOR THE RESEARCH

Manitoba's efforts in rural development were singled out for several reasons. In part, Manitoba was selected because of the author's familiarity with that province. But, Manitoba constitutes an interesting subject for three other reasons. First, Manitoba's history is tied to rural transition. The province has experienced a boom based on expansion and settlement of the rural west. The province has also experienced stress related to sustaining rural functions under conditions which favour urbanization. Because Manitoba's rural residents have been through prosperity and decline, examining their planning efforts will illuminate information of interest to rural development practitioners in other locations. Second, Manitoba's RDCs represent a cooperative effort by local people to take more control of the social-economic destiny of their communities. Thus, RDC experience relates directly to locally-based organization. The third reason is that Manitoba's RDCs date back to 1963, which means the province has accumulated twenty-seven years of experience with locally-based rural development organizations. The lengthy history offers insight which more recent initiatives cannot provide.
1.4. RESEARCH METHOD

The method involves a case study of one RDC embedded within an historical analysis of economic and political events which shaped rural development in Manitoba. This analysis has been divided into four parts, each represented by a chapter.

Chapter 2 involves the examination of a series of theories relevant to rural development in Canada. This series was split into two categories: (a) Macro-economic Development Theories, and (b) Locally-based Development Theories. The first group have inspired planning for large geographical regions and, in the past, have usually been applied by national or provincial governments. The second group of theories emphasize planning which begins at the local, or community level, and usually apply to non-governmental organizations.

(a) Macro-economic Development Theories

"Growth pole/centre" theories are examined as examples of regional development through selective public intervention in specified locations. Thomas Courchene's (1978;1981) support for labour mobility and government non-intervention is examined as an alternative theory of regional development.

(b) Locally-based Development Paradigms.

Various authors are cited to illustrate the nebulous nature of, "locally-based
development" (Bryant and Preston, 1987; Weaver and Jessop, 1986; Ross and Usher, 1986). The unique contributions of each author are discussed to help distinguish locally-based approaches from their macro-economic counterparts. The theories are also organized according to their emphasis on economic integration or non-economic priorities.

Chapter 3 encompasses an introduction to the Manitoban study. This introduction is split into two parts.

(a) The Background for Regional Development Corporations

Two publications (Manitoba Regional Development Corporations, 1973; COMEF, 1963) are employed to outline the inception date, legal status, geographic areas, and initial operating philosophy.

(b) The Provincial Background

A history of economic and political events in Manitoba illustrates the dynamics leading to regional development in the province, and demonstrates that the problems surrounding local participation in Manitoban regional development have roots established long before RDCs appeared.

Chapter 4 contains the study of an RDC within Manitoban rural development. The RDC study was conducted by:

a) comparing provincial and RDC documents pertaining to regional development and the contribution envisioned for rural residents during three distinct periods of time (these periods are described later in this
b) interviewing Mr. Leo Prince (acting director of the provincial agency most closely associated with RDCs), and Ms. Marie Louis van Schie, (acting manager of one RDC) to supplement the understanding of what relationship exists between these institutions, how each interprets development, and how each interprets the role for rural residents in development.

Provincial and RDC documents were obtained directly from these institutions and by searching libraries in both of Winnipeg's universities. However, information concerning the RDC approach is scarce and scattered throughout many locations. There are seven RDC regions within the province (see Figure 1.1), and resources available for this thesis did not allow for research in each region. To gather data required focusing on one RDC in particular. East-Man was selected because this author has previous knowledge of the region and has dealt with East-Man's RDC office.

The twenty-seven years of RDC history have been divided into three periods: (1) 1963-1973; (2) 1973-1983; (3) 1983-1990. The first period begins with the introduction of RDCs and ends with what one group of government advisors (M.O. Harvey and Associates) considered a significant change in RDC strategy.

In 1983 the Manitoba Department of Business Development and Tourism contracted the consulting firm of M.O. Harvey and Associates (1984) to
Figure 1.1
RDC Boundaries

undertake a review of the Regional Development Corporations in Manitoba. The purpose of this review was to:
1. Assess the performance of RDCs since their introduction.
2. Obtain recommendations to improve the effectiveness of the corporations in the light of anticipated future socio-economic conditions.

Harvey and Associates argued that a change in regional policy came in 1973 with the introduction of a government publication known as Guidelines for the Seventies. Guidelines was identified as the policy statement which turned provincial government and RDCs away from planning based on "growth pole" theory. Thus, a second period had been identified. The end of this second period was marked by the introduction of the Harvey and Associates report.

The 1983/90 period encompasses events which occurred following the Harvey and Associates report's introduction, and was added to bring more recent events into the study. Since the Harvey and Associates report managed to put a great deal of information into a well structured format, and represents an important review of the RDC approach, information collected for this thesis has been fitted to their chronology. In following the authors' original chronology, conclusions made by that team concerning RDC activity during each period also provided starting points for analysis in this thesis.

The final chapter contains a summation of the analysis, and a conclusion is presented to answer the primary research question. In addition, experiences highlighted by the analysis are extended into lessons which contribute to locally-based rural development in general.
2. THEORIES RELEVANT TO RURAL DEVELOPMENT IN CANADA

2.1. INTRODUCTION

To understand what Regional Development Corporations have achieved requires an appreciation of the issues surrounding regional and locally-based development in Canada. In this chapter the intention is to examine a range of views in development literature, and to establish some specific questions for examining locally-based rural development in Manitoba.

2.1.1. The Macro-economic Development Perspective

In Canada residents have accepted a capitalist, or laissez-faire, system as the "rule book" for exchange. Critics can dispute whether or not residents actually "accept" this system, or whether the Canadian economy can even be considered purely capitalistic. All such issues are worth discussion, but for the purposes of this thesis it is sufficient to agree that citizens do accept the system, and that it is fundamentally a laissez-faire economy.

By definition a laissez-faire economy is one in which individuals and governments agree not to tamper with the basic dynamics of market operation. For regional development the implication of adhering to a capitalist system can be viewed as follows. In attempts to meet the needs of marginalized groups, governments have made the decision not to transform free markets into some alternative system. Because of the decision not to change the market system, regional policy makers
have often seen stretching market activities into marginalized areas as the only option. Government policy makers are, therefore, willing to influence where economic activities take place, but resist influencing how they take place.

In the 1960s "growth poles" and "growth centres" appeared to help policy makers act on where activity occurred. In discussions of regional planning "growth poles" and "growth centres" were mentioned frequently, but were not always clearly explained.

Francois Perroux first introduced the term "growth pole" in economic literature during the 1950s. Perroux (1964:27) described the "growth pole" as a firm "...from which centrifugal forces emanate and to which centripetal forces are attracted." His reference to centripetal force was depicted as labour and materials being attracted to the firm's location, while centrifugal force referred to other uses, such as tourism, being excluded from the site because of the firm's activity.

Perroux tried to convey the notion that a growth pole existed in two types of space. The first, called "banal" space, can be interpreted as geographic space. The second, economic space, was not intended to have spatial limits. Instead, economic space encompassed the components related to a given industry (Perroux, 1964:27). For example, a furniture manufacturer would be linked to suppliers (labour markets, lumber mills, a supplier of fasteners), and clients (retailers, and wholesalers). From Perroux's perspective it was not important whether these economic activities were neighbouring or distant. Darwent (1969:5) points out that
Perroux also introduced the term "propulsive industry." Darwent highlighted three traits Perroux associated with "propulsive industries":
1. that the firm/industry was highly interconnected, or was associated with many other industries;
2. that the firm/industry dominated trade with the interconnected industries;
3. that size was significant - a large firm/industry would have more dominance.

These traits relate to economic relationships, and were not necessarily of value when trying to assess spatial attributes of industry. Perroux did evaluate industries in specific locations, but initially that evaluation did not suggest industry in a given region would attract growth to that region. All Perroux observed was that growth would occur within economic space. The focus on economic space was the distinguishing characteristic of Perroux's "growth pole".

In later work Perroux (1970:94) began to add more spatial implications to his analysis, "the bitter truth is this: growth does not appear everywhere at the same time; it becomes manifest at points or poles of growth, with variable intensity; it spreads through different channels, with variable terminal effects on the whole of the economy." From his initial non-spatial concept, Perroux added the idea that economic activity concentrated around "poles" of growth. The requirement for stimulating growth was a propulsive industry large enough to attract new clusters of industry into the region (Ibid. 101). This concentration was referred to as "territorial agglomeration", and introduction of "territorial agglomeration" suggested that the "growth pole" was considered capable of stimulating spatial concentration. The examination of industrial performance in economic space was beginning to mingle in Perroux's mind with geographic concepts. Given this mingling there is little wonder that "growth centres" have
frequently been considered equivalent to Perroux's "growth pole." The two are actually significantly different.

Growth-centres are defined as locations, such as cities, having geographically centralized economic activity capable of providing the labour force and the infrastructural services that support industrial expansion (Mathews, 1983: 43; Bradfield, 1988: 57).

Friedmann and Weaver (1979: 126) state that Lloyd Rodwin (1963) was the first North American author to associate the non-spatial "pole" with conditions for its appearance in geographic space. Rodwin claimed that urban industrial growth could be diffused to less industrialized communities by concentrating investments in locations selected on the basis of some criteria of "growth potential." Rodwin was suggesting that the location of economic expansion could be planned and induced. When "growth centres" began to appear in American planning research the emphasis was on diverse, but spatially co-ordinated, economic activities. Berry's (1973: 48) study of growth centres in the United States provides a good example:

By "growth centers" or "centers" is meant a complex of one or more communities or places which, taken together, provide or are likely to provide a range of cultural, social, employment, trade and service functions for itself and its associated hinterland.

In Berry's research the emphasis was no longer on a particular propulsive industry. Instead, the emphasis was on communities connected to form a concentration of activities capable of sustaining that system of communities.
Some of the prominent issues Friedmann and Weaver found in their examination of growth centre theory were:

1. **optimal city size** - this debate concerned whether large cities were growth efficient or, whether smaller cities were equally capable of generating self-sustaining growth;

2. **spatial diffusion of growth** - concerned how benefits flowing from activity in a growth centre rippled through surrounding communities. This rippling is often called "spread" (benefits flowing out from the growth centre) and "backwash" (benefits flowing back to the growth centre from the periphery).

The issues associated with growth centres are similar to the traits Perroux originally associated with propulsive industry in so far as both involve size and interconnectedness. Growth centre issues, however, implied that a series of detectable requirements supported economic activity, and that once these requirements were replicated in targeted locations predictable spatial development would occur. A link was assumed between economic and spatial activity, and this economic-spatial link separates growth centre theory from growth poles.

Friedmann (1973:10) pointed out that the growth centre concept had immediate appeal in regional planning because it implied that scarce resources could yield larger economic benefits when applied in centres deemed to have potential for growth. Viewed another way, the theory implied that targeted investment would lead to growth throughout a region. Another attractive quality of growth centre theory was the idea that private enterprise remained intact. Friedmann (Ibid.10) cautioned that while the idea of planning growth centres had appeal, little empirical evidence of its validity existed. In concluding his review of growth pole and growth centre theories, Darwent (1969:23) also stated that:

...this lack of evidence is serious since it means that while we observe that cities grow, and because of their growth attract more firms, investment and people, and while we have some idea about
how growth is transmitted, we have little evidence except post facto to indicate how growth is best initiated...We therefore have no firm theoretical grounds for planning growth at particular locations.

Despite the lack of empirical verification, the Department of Regional Economic Expansion (DREE) represents one example of growth poles/centres used in Canadian regional planning. Initiated in 1969, DREE became the first Canadian agency with the mandate for a co-ordinated, nation-wide approach to regional development. Lithwick (1986:255) states that within their first year of operation DREE staff had mapped a hierarchy of Canadian cities and selected twenty-three "special areas." The "special areas" referred to by DREE were defined as centres within lagging regions which could be made attractive to industry once, "substantial improvements were made to the infrastructure and social services currently available in them" (Francis and Pillai, 1972:54). Development based in special areas was expected to assist not only the specific targets but also neighbouring towns and villages.

DREE staff were following a mix of growth pole and growth centre concepts. DREE staff targeted particular industries as the engines to create new activity, examined factors which attracted industries to a location, and then tried to manipulate these factors in order to entice industry into a lagging area (Mathews, 1983:107). DREE's strategy crossed into Perroux's growth pole notions by assuming that particular firms were at the centre of economic activity. DREE's strategy also followed growth centre theories since industries were sent to locations which DREE felt were dominant amongst the hierarchy of local communities. Staff assumed "spread-effects" would start economic activity rippling
Numerous authors have reviewed DREE's efficacy and the consensus is that DREE's impact was questionable (Lithwick, 1978; Savoie, 1986; Courchene, 1978). For example, Courchene (1978: 165) notes that DREE received criticism for targeting locations which the provinces themselves did not consider catalytic. The implications of Courchene's comment are that federal and provincial criteria were divergent, and that DREE was selecting targets without provincial input. Courchene (1978: 165) also identifies a lack of coordination between DREE and other federal agencies. The Industrial Development Bank, then a subsidiary of the Bank of Canada, focused lending activities primarily on areas not designated by DREE. As a result, industries could locate almost anywhere and receive some subsidy. DREE's locational incentive was neutralized.

The DREE approach is described by most sources as ineffective. Lack of effectiveness, however, does not detract from DREE's value as an example of development strategy based on: (a) direct public intervention as a tool for development, and (b) the belief that growth can be brought to all parts of all regions.

In light of the lack of success with DREE's interventionist approach an alternative, referred to as "neoclassical adjustment theory," (Polese, 1981: 519) has received attention. Exemplified by Thomas Courchene (1978; 1981) adjustment theory refers to letting free market dynamics direct industrial development. Courchene contends that existing public interventions actually exacerbate regional
disparities.

Adjustment theorists like Courchene (1981:508) differ from interventionists in their interpretation of regional disparities:

the fact that regional disparities exist does not imply, as is frequently suggested, that there also exists regional disequilibrium. Indeed the opposite is true...equilibrium merely describes a state that is self-reinforcing. We need not approve of the characteristics of the regional equilibrium, but we should not deny its existence.

Growth centre theory was interpreted by institutions such as DREE to mean regional differences could be minimized by government action. Courchene (1981:512) states that differences amongst provinces need to exist:

To attempt to homogenize Canada on the regional economic front in the face of this [regional] diversity will be tantamount to flouting the underlying laws of economics and will tend to create national economic disparity relative to our trading partners.

Courchene (1981:511) argues that the global economic order is changing. To be competitive, Canada must de-emphasize regional disparities and focus on building a healthy national economy. The essence of Courchene's argument is that propping up declining activities in lagging regions keeps a surplus of resources in low-productivity industries. Such mis-allocation simultaneously reduces the resources available for new and more productive endeavours elsewhere. The result is reduced national economic efficiency.

As an example of mis-allocation Courchene (1978:154) discusses the effect of wage inflexibility. Referring to Robert Lacroix (1977), Courchene identifies two
causes for wage inflexibility. First, the federal government pays employees almost everywhere the same wage. Federal pay scales are not sensitive to the going wage for labour in the local private sector and often distort market conditions. Therefore, high public sector wages are blamed for creating unrealistic expectations and an outcry for parity in other sectors. Second, minimum wage legislation reduces the numbers of people firms can afford to employ. When facing decreasing demand for regional products, local wages resist adjustment and unemployment follows. If wages do not move, then the only options for individuals are unemployment or out-migration. Courchene (1978:155) extends Lacroix’s argument by focusing on breakdown of the out-migration mechanism. Existing government interventions are compared to bribing people to remain in regions with low-productivity jobs. Generous federal transfers and assistance designed to defer the provinces’ costs for supporting unemployment impede out-migration by counteracting the incentive for labour mobility. Labour mobility is not presented as a panacea, but mobility supposedly reduces the burden on poorer regions and shifts labour to regions creating new jobs. Blossoming and poorer regions come closer to equilibrium and the country’s international competitive position is improved.

The principal difference between growth centre and adjustment theory is that the former makes allowances for direct government participation in industrial development, while the latter diminishes the public role in favour of the market’s "invisible hand." Although growth centre and adjustment theories explain events in different ways, and prescribe different actions, both stress industrial organization, the marketplace, and national economic management. Both approaches
also minimize concerns about impacts on individual communities in their efforts to
organize economic growth. Because both of these approaches concern economic
activity over large geographic areas, and because they discount local impacts,
they will be referred to as Macro-economic Development Theories.

A problem has emerged from the preoccupation with economic activities in
macro-economic development theories. Development has been related primarily to
the expansion and growth of production measured over some geographic area.
Several authors have highlighted what they consider incongruities between theories
rooted in economic analysis, and assumptions about enhancing the quality of life
(Friedmann, 1981, Ross and Usher, 1986; Weaver and Jessop, 1984). To illustrate
the incongruity one need only consider how the wealthiest countries or regions of
the world are becoming the most polluted and environmentally ravaged. Another
example of absurdity in the economically-oriented approaches is provided by
Friedmann (1981:8), who points out that crime increases our GNP. As crime
becomes a greater threat in society, more money is spent on home security
systems, enlarging police forces, expanding the justice system, hiring lawyers, etc..
These events increase cash flows in the economy, thus providing more people
with more income, but at what cost to society?

Authors critical of macro-economic development theory argue that development
planning must encompass more than economic activity before claiming any
connection to quality of life can be made. These authors also tend to emphasize
the local implications which macro-economic development theories discount. Because
of the local perspective, these authors have been grouped in this thesis under
the title Locally-based Development Theories.

2.1.2. Locally-based Development Theories

The first distinctive characteristic of locally-based development is drawn from Coffey and Polese (1981:1). These authors define local, or locally-based, development as a process adopted and implemented by the regional residents which is founded on the talents, initiative, and knowledge of regional residents. An important aspect of locally-based theories is, therefore, that action comes from within the community or region being observed, rather than directed by an outside agency.

Another trait common to locally-based theories has been the effort to link economic strategy to the political and social values of residents in small territorial units. Friedmann (1981:5) presented the objective of locally-based efforts as follows:

> to make steady and continuous progress towards an equalization of access to the basis of social power. Reference is to such bases as knowledge and pertinent skills, social and political organizations, instruments of production (including access to good health), relevant information, social networks, and financial means. Improving a household’s access to them will enhance its ability to pursue its own objectives in cooperation with others. In this view poverty is not simply a condition of low income. It is substantial inequality in access to the means for an autonomous life within the community. [original emphasis]

Friedmann has observed that efforts to improve quality of life encompass more than economic factors. Few locally-based theorists would deny that economic considerations have value in development theory. However, economic considerations are not assumed to be the end in itself. Put simply, locally-based theories stress
that people work to live rather than living to work. Increasing opportunities to find a livelihood is a necessary activity, but, as Friedmann's statement indicates, not sufficient to improve the quality of life.

While the "locally-based" concept (action from within communities) is relatively straightforward, countless diverse strategies have been established to achieve the broad non-economic objectives. Despite differences in detail a basic similarity can be discerned. Strategies either adopt economic principles and integrate small communities with the existing economy, or identify problems with the market system and strive to decrease dependency on the mainstream. In this section the work of several authors will be introduced to illustrate the variety of locally-based development theories being explored.

a) Regional-National Integration

Bryant and Preston (1987:54) furnish a good starting point for this section by describing a conventional interpretation of locally-based development. Their interpretation begins by stressing the place for local approaches within a national system:

The objectives of a theory or conceptual framework for local economic development initiatives should not be to replace the more traditional views and strategies of regional development. Rather, it must complement these traditional approaches, and it must be regarded as one essential part of a broad-based foundation upon which local economic development must rest. Furthermore, such a framework must provide a link between the local and broader regional-national context.

The authors base their approach on the assumption that a national development system exists in which small communities can find an ancillary role. Having
Bryant and Preston (1984:62) provide a four stage description of local economic development:

1. emergence of local entrepreneurship;
2. growth and expansion of local enterprises;
3. maintenance of local enterprises under local control; and
4. attainment of a locally autonomous control structure for the local business sector.

To organize local action for this process the authors draw from Coffey and Polese (1984) to suggest that development can be organized into three categories:

1. animation - involves communities organizing to undertake development;
2. information - involves how local organizations bridge gaps between local and regional/national markets;
3. finance - concerns how communities improve access to capital for local initiatives.

Bryant and Preston's approach focuses on organizing commercial development as the catalyst for community revitalization. But, the authors do add that development should be "appropriate" for the community. The defining attribute of an "appropriate" development process is seen as community participation in ensuring that actions associated with development are guided by local values and priorities (Ibid.55). New activities are supposed to reinforce, rather than detract from, these values and priorities. Because their strategy reinforces local values and priorities, the authors believe their strategy increases the ability of local residents to reach beyond economic issues and solve other problems. While the authors do not refer to Friedmann their article implies that along with economic revitalization, regional-national integration is intended to increase local access to social power. But, a significant limitation remains. Local control is always
tempered by their insistence that the development strategy must dovetail with national policies and priorities.

The strength of Bryant and Preston's work is their pragmatism. The authors suggest that communities can find all the ingredients for prosperity within the existing regional economy, and present a model which communities can use to participate with the regional economy. Bryant and Preston step back from strategic planning to describe the context in which communities should view their planning. Then, by merging their regional perspective with Coffey and Polese's advice on local economic development, the authors present a framework for assessing strategies that small communities may use to achieve results in a relatively short period of time.

b) Territorial Integration

While Bryant and Preston suggest that locally-based development involves re-establishing a role in the national marketplace, Weaver and Jessop (1984:4) present a different interpretation. These authors argue that expansion of trade and industry into a global network means governments and individual communities have less influence over national and regional problems:

The imposition of a corporate model of economic organization onto the international economy was the determining factor in establishing global patterns of production, making possible a radical reordering of the production process itself. There was a fragmentation of the stages of production and their geographical distribution among those areas which offered particular strategic corporate advantages. Traditional regional specialization, with all the factors of production assembled in one place, gave way to a new technical division of labour...Regions were no longer identified with a particular industrial sector but rather according with their role in the production process
The authors assert that commercial firms have sought independence from local and national influence. To this end, fragments of the production process were distributed around the world. Highly skilled jobs, such as research and development, were likely to remain in urban centres because that was where the specialized labour resided. Less skilled tasks related to mass production were "footloose." Locating mass production facilities was said (Ibid.6) to depend upon a new set of factors: local political stability, minimal regulation, low taxation, low unionization and low wages:

These dramatic changes in the economic organization of global industries have been responsible for the increased dependence and integration of what in earlier times had been relatively closed, self-sufficient national and regional economies. Many places are now organized by a few chosen regional centres in the world economy. They perform specific functions within the broader economic order and there is little room within this scheme for independent action.

To explain this negative series of events Weaver and Jessop (1984:18-21) identify three traditional approaches to regional development:

1. Market Expansion - a classic free-market model allowing market mechanisms to allocate factors of production among industries and geographic areas;

2. The Development State - refers to co-operation between business, labour and the state. Most important components are entrepreneurship, government intervention in markets to insure full employment, and national accounts as the yard stick of economic performance;

3. Command Planning - the fully centralized model of development. A strong central government or, more ominously, trans-national corporations control all aspects of allocation and production.

Adherence to any of the three approaches contributes to the dilemma Weaver and Jessop describe by creating an environment which favours organizations that
flourish in global trade, and/or reduce the contributions from individual communities.

Like Bryant and Preston, Weaver and Jessop describe a global environment in which locally-based efforts are low level supplements to a larger economic system. Unlike Bryant and Preston they see this global system as part of the problem facing small communities. Each level in the global environment harbours different institutions with different relationships to the production process. The various levels and institutions appear to co-exist like parts in a Russian doll. But, the authors caution that local/regional organizations have little impact on decisions made at higher levels. Instead, it is institutions at the trans-national level which shape the regional environment. Weaver and Jessop do not suggest that regional/local planning is impotent in the face of globalization, but that some local organizations are pursuing solutions in fundamentally counter-productive approaches. Their fourth approach, called "communal co-operation," represents the antithesis of the previous three approaches. Rather than integrating with the global system this approach calls for selectively minimizing external linkages, and increasing regional self-sufficiency (Ibid.27). The authors do not see communal co-operation displacing multi-national commerce but envision some communities improving their well-being by co-ordinating exchange within smaller territorial units, rather than struggling in the global market place.

Ben-David Val (1983) uses simple graphics to illustrate the spatial impact of various development approaches. His representation of functional integration and decentralized territorial integration helps convey the outcome of traditional and
alternative approaches as Weaver and Jessop portray them (See Figure 2.1).

The strength of Weaver and Jessop's work is in relating local problems to globalization. While Bryant and Preston state that local groups should plan with regard for the policies and priorities of higher level organizations, Weaver and Jessop clearly identify the influence of higher levels as a limitation to local action.

**Figure 2.1**

Models of Long-term Spatial Development

**Functional Integration**
- Emphasis on exchange economy.
- Development benefits through intraregional linkages fostered by dispersed investments.
- Diverse functional linkages to other regions.

**Decentralized Territorial Integration**
- Emphasis on use economy.
- Development benefits through subregional self-sufficiency fostered by locally determined dispersed investments.
- Selective closure.

Source: Ben-David Val, 1983.
The weakness of Weaver and Jessop's work is that they distinguish several "traditional" strategies in their critique, yet offer only a brief description of one alternative for locally-based development. Their alternative is not discussed in depth and, therefore, appears extreme, ill-defined and difficult to attain.

c) Formal-Informal Economic Balance.

Ross and Usher (1986) offer yet another perspective on locally-based development. These authors examine the relationship between "formal" and "informal" economic activity, and the preference for formal activity in development policies.

Ross and Usher's description of formal activity closely resembles how many people describe conventional economic principles. The basis of the formal economy is assumed to be a wage economy involving two sets of actors - producers and consumers. Producers and consumers are considered mutually exclusive groups. Ideally, there exist countless numbers of producers and consumers, each motivated by their own interests and in competition with one another. The market place is viewed as an impersonal arena for activity between the actors. Specialization, competition, large scale, and hierarchy are identified as the inevitable consequences of pursuing the formal economy (Ibid.26-28).

The informal economy is presented as a network for meeting essential human needs the formal economy can not meet. However, the authors do not suggest that informal economies are merely the opposite of their formal counterparts. Examples of informal activities Ross and Usher (1986:31-33) provide are: pre-industrial economies - small scale subsistence agriculture, fisheries, hunting or trapping. These activities involve families or other kinship ties. Whatever they produce goes first to domestic need and subsistence marks
the primary motive for these activities. Only the surplus becomes a marketable product;

- neighbourhood or mutual-aid economies - goods and services are produced through well established links between households. Exchange is typically non-monetary and established in order to provide goods and services which donors can furnish and other households need.

- the alternative economy - a socio-economic system which typically exists in opposition to the predominant social environment. Amish and Hutterite colonies are given as two examples. Weaver and Jessop's communal cooperation would also fit into this category.

The differences between formal and informal are defined as tendencies seen relative to one another, rather than polar opposites. For example, the authors identify the impersonal quality of the formal marketplace as its strength, while the informal economy's strength is based on familiarity.

In theory, the formal market operates according to merit. Price and quality motivate purchases rather than family obligations or coercion. A labourer's skill and performance attract employers rather than personal attributes. In striving for a perfect market, nepotism and other forms of interference are minimized, and individuals achieve more equal standing. However, the perfect market is illusive, and this is why the authors believe an informal economy has a valid role. Because the informal economy is based on the assumption that people know one another, and are willing to allow for individual capabilities and incapacities, people can attain things which they are not equipped to compete for in the formal marketplace. Tasks are undertaken for people known and relied upon. "And because work and produce tend to be performed and distributed locally - and the effects of the enterprise felt locally - there is much more understanding and involvement in the control over what is going on" (Ross and Usher, 1986:49).
Ross and Usher try to demonstrate that the 'economy' is not exclusively formal or informal, but held together by both dimensions. Formal and informal economies are only distinguished by the relationships they promote between people. The authors have no quarrel with people using either economy. The problem the authors (1986:53) perceive in "development" is that people have given too much weight to the formal dimension:

A century ago, a much higher proportion of economic output was derived from the informal economy. This shift is also associated with the transformation from a rural agricultural economy (and in the North, a hunting and gathering society) to an urban industrial one. We commonly think of that process as modernization and the result as economic development. Conventional economic development theory claims that any substantial increase in national and per capita output requires a shift from informal to formal economic relations. According to conventional theory a primary position must be allocated to: the market, industrial organization and money.

When the economy is shifting, the authors point out that the standard solution is either public investment to stimulate employment, or providing social assistance to those suffering from the shift. In hard times people have been taught to put their faith in mechanisms of the formal economy. It is during hard times that the authors believe the informal economy could provide the most help. Ross and Usher (1983:102) present a better balance between the two economies as "development." "The ultimate and proper task of economic policy should be to determine the mix of formal and informal activity a society wants and provide incentives and encouragement required to support this balance"
2.2. SUMMARY

In this section Bryant and Preston, Weaver and Jessop, and Ross and Usher were cited to highlight diverse and contrasting theories of local-development. Their contributions are summarized in Table 2.1.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Interpretation of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bryant and Preston</td>
<td>Development involves local input, but focuses on linking local commercial activity and the regional-national economy.</td>
</tr>
<tr>
<td>Weaver and Jessop</td>
<td>Development involves small communities increasing their self-reliance and pulling away from the mainstream economy.</td>
</tr>
<tr>
<td>Ross and Usher</td>
<td>Development involves expanding the informal dimension in locally-based planning, and in government policies.</td>
</tr>
<tr>
<td>Dauncey</td>
<td>Development involved a process of social transformation in which locally-based development was only one stage.</td>
</tr>
</tbody>
</table>

This chapter has introduced material which contributes to:
1. some sense of the difference between macro-economic and locally-based paradigms;
2. understanding that a range of theories and strategies can be placed within macro-economic or locally-based categories.

The alternatives outlined in this chapter share some similarities but cannot be considered interchangeable. We have seen that economic analysis was the foundation for growth centre and adjustment theories. Both addressed industry, public intervention in allocating resources, and how intervention or non-intervention
would benefit residents of the nation. Implicit in these theories is the assumption that by focusing on the relationship between people and the marketplace solutions will be found for whatever problems are perceived in lagging regions.

Each locally-based theory described in this chapter emphasized the importance of having local groups increase their capacity for assessing and managing their community’s relationships with the marketplace. Some of the strategies (such as Bryant and Preston’s) proposed only moderate changes, but others (such as Ross and Usher’s) suggested that communities have to utilize resources found outside the limits of the laissez-faire marketplace. Whether moderate or sweeping change was recommended, the objective of each locally-based writer was some measure of local control over relationships between communities, or regions, and the marketplace. Implicit in this objective were assumptions that: a) quality of life entails more than the material goods furnished through free markets, b) individuals cannot remain passive, and expect the "invisible hand" to satisfy their quality of life concerns.

All of the theories introduced in this section emphasize some unique goal for development. Growth centre theory emphasized the ability to channel growth into specific locations. Adjustment theory emphasized achieving more efficient allocation of resources. Ross and Usher stressed decreasing dependence on laissez-faire markets. None of these theories is entirely objective. Underlying each is a set of beliefs, or values, which explain why the goal associated with that theory is the desirable goal to pursue. Any policies based on one of the theories will also involve specific assumptions about what is desirable in development. As Mathews
(1984:54) stated, all policies involve a "goal-value system." By "goal-value system" the author meant that any policy is an attempt to achieve a goal deemed legitimate and desirable when assessed using a specific set of values.

Recognizing that theories and policies are subjective, an effort must be made in the analysis of Manitoba's rural development to illuminate the emphasis underlying relevant policies. Examining the "goal-value system" guiding rural development in Manitoba is the reason for adding the first subsidiary question:

1. What priorities or objectives were emphasized in provincial development policy?

Macro-economic and locally-based theories differ not only on what benefits economic activity can provide, but also differ on where control over development activity should rest. Courchene recommended that governments reduce their connections to market activity and allow individual firms to respond freely to prevailing conditions. Locally-based writers were recommending that communities gain some measure of control over factors that govern economic activity. Bryant and Preston, for example, recommended that governments and local organizations share control, while Weaver and Jessop recommended that regional residents alone should influence what interacted with their territorial economy.

The differences concerning where control over economic activity should rest create tension between macro-economic and locally-based theories. Exclusive adherence to a macro-economic development theory will minimize tolerance for local control. Adherence to Weaver and Jessop's territorial integration would minimize tolerance
for control by exogenous actors. Any compromise on one side erodes the influence of that group. Given the possible tensions between macro-economic and locally-based theories, examining the balance of power amongst organizations in Manitoba will provide additional insight into rural development in that province. To illuminate the distribution of influence the second and third subsidiary questions are added:

2. What strategies were used to achieve rural development?

3. What role has been established for locally-based participation?

In this chapter an examination of development theories has highlighted two categories of development theories, and several alternatives within each category. The differences among these alternatives were presented in order to illustrate how particular values underpin development policies, and how influence amongst institutions can be distributed in different ways. In order to disclose the value content of policies and balance of control amongst institutions in Manitoba, the three subsidiary questions were formed.
3. AN INTRODUCTION TO THE MANITOBAN CASE

This chapter is divided into two sections. The first section outlines what an RDC is and why RDCs were initially established. The second section provides a review of significant trends in Manitoba’s economic history. Some understanding of the province’s past is required in order to understand the dynamics into which RDCs have been placed.

3.1. THE BACKGROUND OF REGIONAL DEVELOPMENT CORPORATIONS

A report from the RDCs (MRDC, 1974:3) stated that seven have been established since 1964:

- Pembina Valley - 1964
- Central Plains - 1968
- East-Man - 1968
- Nor-Man - 1970
- West-Man
- Parkland
- Interlake
- 1966
- 1968
- 1970

Through negotiation between RDCs and the Provincial Government, Manitoba was divided into eight "regions" for the purposes of economic development planning (see Figure 1.1). Seven will be referred to as members of the Regional Development Corporation (RDC) network. Winnipeg constitutes the eighth and will
An RDC is a non-governmental local development organization. Each of the eight regions outside Winnipeg has been represented by one RDC office. The eight RDC offices are combined into one Regional Development Network which has been connected to various Provincial departments over time. Each RDC is formed by two or more local government bodies through authority passed down in the Companies Act of Manitoba and the Municipal Act (MRDC, 1974:3). Membership in an RDC is voluntary and open to all incorporated cities, towns, villages, rural municipalities, and, in some cases, Indian Reserves. The policies and programs of each RDC are established by a Board of Directors. Each RDC's directorate usually consists of the RDC's full-time manager plus a board of volunteer directors selected by elected officials in member communities (Harvey and Associates, 1983:60). This arrangement provides for a Board which is answerable to the municipal councils in each region.

Funding for RDC operations comes from two sources. To date the major portion has been supplied as an unconditional operating grant by the Provincial Government. The remainder comes as an annual membership fee in the form of a per capita levy applied to each member municipality (MRDC, 1974:3). RDC funds are used only for operating and promotional expenses. RDCs do not have a mandate to use their funds as venture capital.

An interview with the Mr. Leo Prince, acting director of Manitoba's Department of Rural Development (DRD), in July 1990, uncovered one recent exception to
the typical RDC structure. Early in 1990 the DRD redesigned the Parkland RDC. Because of local dissatisfaction with the RDC's achievements the region was divided into an eastern half and a western half, and no central office was re-established. Two RDC managers now travel a circuit between various communities. Another significant modification is that no local board of directors was re-established. At the present time Parkland RDC managers answer directly to the DRD.

Most of the details concerning RDC history will be included in the following chapter. In this section the intention is only to give some indication of why RDCs were initially created.

The first support for locally-based regional organizations in rural Manitoba came in a report prepared on behalf of the Provincial Government, entitled, *Report of The Committee on Manitoba's Economic Future* (COMEF, 1963). A report prepared eleven years later by the RDC network (MRDC, 1974:2) stated that:

The regional development system grew out of the economic conditions in rural Manitoba in the early 1960s. Rural communities originally were established to serve the needs of agriculture, and their locations were based upon the transportation capabilities of the times.

The mechanization and consolidation of farms resulted in a decline in farm population. The automobile and better roads, resulting in improved transportation, enabled the farmer to travel farther to larger cities and towns which offered a wider variety of goods and services. The changes that occurred in agriculture, in transportation, in employment, and in population brought about sweeping changes in the rural setting. It readily became apparent that individual communities were too small to effectively influence the development that was taking place in their areas, and that many of the economic opportunities which existed were regional in nature. It was suggested that groups of communities with common interests could pool their resources for development.
The description of economic disarray given in the quotation, and the COMEF recommendation for RDCs in the early 1960s, create the impression that Manitoba had come to a watershed. A look back on the province's history reveals that, in fact, the problems which inspired RDCs were anything but unique to the 1960s.

3.2. THE PROVINCIAL BACKGROUND

Manitoba ranked as the fifth most populous province in Canada in 1986, with 1,071,200 persons (Canada, 1990). The province contains one large urban centre - Winnipeg. As of 1986 the city of Winnipeg held 594,600 people, which constitutes 55.5 percent of provincial population (Manitoba Bureau of Statistics, December, 1988). However, in the past the province was considerably different. In 1881, 83.5 percent of Manitoba's population was rural.

It was expansion of the agricultural sector and settlement of the west, stimulated by the federal government during the 1800s, which ignited economic growth in Manitoba. Agriculture and settlement reached an important cross-road during the first decades of the 1900s. In Winnipeg the economy diversified, industry became king and problems arose between employers and workers. In rural areas wheat was still king and the problem was between farmers and the urban-based provincial leadership. By 1921 both labour and farmers attempted to increase control over their respective grievances. Labour in Winnipeg faced a major defeat in the general strike of 1919. Farmers managed to gain power in the provincial
legislature and, perhaps unwittingly, set the mold for rural development in Manitoba.

Phillips (1990:5) argues that the connection between prairies and agriculture can be traced back to the National Policy presented during the federal election of 1878. The National Policy consisted of four elements:

1. The British North America Act and confederation established a legal framework for the policy.
2. A transcontinental railway was to join the regions.
3. A land and immigration policy reinforced the west as an agrarian settlement.
4. A system of tariffs protected central Canadian industry.

The National Policy established a role for the west as resource base and consumer market for central Canada. Manitoba, and especially Winnipeg, grew largely as a result of the transportation element of the new federal policies. Bellan (1978:19-25) points out that the Canadian Pacific Railway put its line through Winnipeg despite the existence of a less flood-prone route through the town of Selkirk:

The location of the railway through Winnipeg promised that the fledgling city, strategically located at the point where the transcontinental railway entered the western plains, was destined to become the entrepot of the great agricultural economy which would come into being on those plains.

Geographic location gave Winnipeg an advantage which other prairie cities did not have. By the early 1900s, Winnipeg's importance as a transportation centre was reinforced by two events. First, the Grand Trunk Railway and the Canadian
National Railway added lines through the city. The convergence of three railways increased the volume of activity channelled through the province (Phillips, 1990:13). Railway construction alone generated business for Manitoba.

Second, in 1898 the Canadian Pacific Railway (CPR) structured freight rates to favour Winnipeg (Bellan, 1978:73). On behalf of local wholesalers Mr. J.H. Ashdown convinced members of the Federal Government and the C.P.R. to structure rates such that Winnipeg merchants paid the same reduced rates as central Canadian merchants for goods shipped into the west. At that time no other prairie city received such an inducement.

To put the province’s importance into perspective, Phillips (1990:8) states that by 1910 Manitoba was home to 70 percent of all the manufacturing in the Prairies. Artibise (1977:36) states that manufacturing output in Winnipeg between 1881 and 1913 leapt from $1,700,000 to $50,000,000. The western wholesale trade also blossomed in Winnipeg as a result of freight rate and locational advantages (Bellan, 1978:73). In a short period the cities industrial base diversified beyond wheat-related production into meat packing, building materials, services for the railways, finance, and other enterprises. By 1911 Winnipeg ranked as the third largest city in Canada, and 43.4% of the province’s population was considered urban (Figure 3.1). Because of unprecedented growth Winnipeg also became the focal point for skilled and unskilled labourers. Whether it was farmers or
Figure 3.1
Rural/Urban Population Distribution in Manitoba

Year

industry looking for help, Winnipeg was where they looked.

The opportunities created by federal policy, geographic good fortune, and local persuasiveness gave Manitoba, and especially Winnipeg, an early lead over other western provinces. But, Morton (1967:29) pointed out that the approach of World War I served to demonstrate how fragile Manitoba’s prosperity was:

The end of the great western boom had been prepared by rising freight rates and falling farm and land prices. It was precipitated when in 1912 and 1913 the Balkan Wars, by the demand for money and the fear of war they created, dried up the flow of British loans to Canada. The stream of pounds sterling which had made possible the building of the railways and the elevators, the purchase and equipment of farms, the building of towns and cities, diminished and soon was to be cut off entirely.

The War brought contrasting effects in Manitoba. Railway and commercial construction came to a halt, and western demand for goods slowed (Bellan, 1978:130). But, demand for prairie wheat increased as Allied nations were cut off from continental supplies. In 1915 Manitoba produced and shipped a record crop. A mini-boom developed in rural areas, and farmers expanded their operations to meet the challenge. This boom also ended quickly. Rapid expansion entailed heavy financial investment and more stress on the land. As early as 1917 farm debt and decreasing yields were significant problems, and by 1920 merchants experienced a rapid decline in farm related business (Morton, 1967:356).

Completion of the Panama Canal (1914) compounded problems of decreased demand for manufactured goods and poor harvests. Vancouver emerged as a new
AN INTRODUCTION TO THE MANITOBAN CASE / 41

shipping port and began to erode Winnipeg's transportation advantage. In order to stay competitive with the ocean going freighters, Bellan (1978:154) noted that Canadian railroads had to reduce transcontinental shipping rates. At this point Vancouver gained the same low cost rail connection to Alberta and Saskatchewan that Winnipeg formerly monopolized.

Despite the war and loss of transportation advantages, Artibise demonstrates that Winnipeg's manufacturing did not show the abrupt decline found in construction (see Table 3.1).

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Number of Firms*</th>
<th>Number of Employees</th>
<th>Payroll $(000)</th>
<th>Value of Products $(000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1881</td>
<td>7,985</td>
<td>106</td>
<td>950</td>
<td>411</td>
<td>1,700</td>
</tr>
<tr>
<td>1891</td>
<td>25,639</td>
<td>307</td>
<td>2,359</td>
<td>1,177</td>
<td>5,611</td>
</tr>
<tr>
<td>1901</td>
<td>42,340</td>
<td>103</td>
<td>3,155</td>
<td>1,911</td>
<td>8,616</td>
</tr>
<tr>
<td>1911</td>
<td>136,035</td>
<td>177</td>
<td>11,705</td>
<td>7,614</td>
<td>32,699</td>
</tr>
<tr>
<td>1921</td>
<td>179,087</td>
<td>419</td>
<td>11,406</td>
<td>15,500</td>
<td>75,200</td>
</tr>
<tr>
<td>1926</td>
<td>191,998</td>
<td>446</td>
<td>15,474</td>
<td>20,087</td>
<td>87,696</td>
</tr>
<tr>
<td>1931</td>
<td>218,785</td>
<td>543</td>
<td>17,693</td>
<td>22,293</td>
<td>73,723</td>
</tr>
<tr>
<td>1936</td>
<td>215,814</td>
<td>594</td>
<td>16,673</td>
<td>18,061</td>
<td>73,316</td>
</tr>
<tr>
<td>1941</td>
<td>221,960</td>
<td>677</td>
<td>23,831</td>
<td>30,169</td>
<td>127,913</td>
</tr>
<tr>
<td>1946</td>
<td>229,045</td>
<td>756</td>
<td>26,730</td>
<td>42,355</td>
<td>206,381</td>
</tr>
<tr>
<td>1951</td>
<td>235,710</td>
<td>849</td>
<td>27,704</td>
<td>65,742</td>
<td>292,497</td>
</tr>
<tr>
<td>1956</td>
<td>255,093</td>
<td>869</td>
<td>26,629</td>
<td>80,892</td>
<td>309,520</td>
</tr>
<tr>
<td>1961</td>
<td>265,429</td>
<td>736</td>
<td>23,694</td>
<td>86,394</td>
<td>326,881</td>
</tr>
<tr>
<td>1971</td>
<td>246,270</td>
<td>633</td>
<td>22,667</td>
<td>133,361</td>
<td>465,804</td>
</tr>
</tbody>
</table>


In fact, Table 3.1 describes slow but continuous growth in payroll and value of products until 1931. War increased the demand for labour, however, the cost of living was also escalating while wage levels remained inadequate. Artibise
(1977:110) noted that union activity became more common in an effort to improve wage levels and working conditions:

At one point in May thirteen unions were simultaneously off their jobs and more than 6,800 strikers included workers from such crucial municipal services as fire, water, light and power, and public transportation.

Working class resistance to conscription, and rising concerns about living in poverty while industrialists profited from the war, added fuel to labour's cause. Employers resisted changes to their relationship with labour and unrest eventually came to a head in 1919 with Winnipeg's general strike. Kendle (1987:98) states that over 20,000 workers entered the protest. The business community and government viewed the strike as the precursor of revolution. With a negotiated settlement unlikely, local and federal police were eventually used to arrest labour leaders and put down the strike by force. Thus, before 1920 labour in Manitoba became organized, had gone to extremes in order to make their grievances known, and had been derailed by the province's business and political leaders.

3.2.1. The Rise of the United Farmers of Manitoba

During the same period that Winnipeg's labour movement was beginning to attack inequities in the economic and political system, the province's farmers were agitating against similar inequities.

Morton (1967:412-413) described growing concern amongst rural residents that traditional lifestyle was disappearing. The farmer was becoming less a craftsmen and more a mechanic, or manager. Urban industry attracted more people from
the countryside:

This depopulation of the countryside was a bitter loss, publicly lamented by farm leaders...It was, however, a loss which could not be checked until the farm offered its young people opportunities of a good life comparable with those, real or fancied, offered by the city.

By 1918 European wheat demand had tapered off and, as a result, wheat prices began to tumble. At the same time, the costs associated with operating larger and more mechanized farms were increasing. While farmers began to suffer costs related to modernization they witnessed the federal government supporting increased freight rates and refusing to reduce tariffs on agricultural implements (Morton, 1957:362).

In Manitoba disputes over issues like the tariff were serving as proof that the existing host of politicians were not responsive to prairie concerns. Central Canada remained the locus of economic control. The National Policy helped harness prairie resources, but natural resources were kept under federal rather than provincial jurisdiction until 1930 (Kendle, 1979:102). Tariffs were structured to protect eastern industry, and while Manitoba's trade advantages seemed to shrink, central Canada continued to enjoy protections.

Out of the debate surrounding tariffs emerged a new political group known as the "Progressives," originating in Winnipeg and led by T.A. Crerar to represent rural western interests at the federal level (Coates and McGuiness: 1987:100). Crerar's Progressives stimulated an interest in direct political action amongst the farmers. Tired of having provincial affairs monopolized by what were perceived
as Winnipeg-based elites, in 1920 the Manitoba Grain Growers' Association reshaped their organization into a new political association named, United Farmers of Manitoba (UFM) (Coates & McGuiness, 1987:100).

The UFM adopted what their members considered a radical approach to political conduct. The UFM promised that members would not respect party solidarity. Instead, each member was expected to voice the opinion of their constituency (Kendle, 1979:28). Thus, grass-roots democracy was brought to provincial politics by making the legislature into an agency for recording sentiment amongst constituents, and UFM constituents were primarily in the rural districts.

Another twist was that the UFM did not support any province wide campaigning organization. Each Grain Growers' branch that made the change into a UFM local acted as an independent group. Thus, local people representing localized concerns were chosen to compete against incumbents from the mainstream parties. The UFM found their first opportunity for action after capturing 22% of the legislature's seats in the election of 1920 (McAllister, 1984:111). T. J. Norris was re-elected as Premier but his Liberal party lost their majority position.

Looking back on the rise of urban and rural protest movements, it is interesting to note that both organized independently, but took action at the same point in history. Just one year after the Winnipeg general strike ran its course, farmers successfully advanced their protest movement into the political arena. It seems odd that labour met defeat because of their allegedly radical behaviour while UFM members joined the legislature despite their promise not to respect political
procedure. In the following sections it will be demonstrated that the UFM's rise to government was related to their support for minimal government intervention, and development through free enterprise. The UFM's free market philosophy of government represents an important component for understanding the formation of Manitoban development policy.

3.2.2. The UFM in Power

While heralded as a victory for long suffering rural folk, the downside of the UFM's entry into politics was that the legislature of 1921-1922 became deadlocked (Morton, 1967:378):

The Norris government, supported by twenty-one Liberals, the largest group in the house, continued in office. The next largest group, UFM members, refused to join the Norris government or to become the official opposition. Their stand was that it was their function to represent their constituents and to support such legislation as met their approval. The necessity of maintaining a stable administration was no part of their political philosophy. The Conservatives continued as official opposition, while the Labour and Independent members skirmished vigorously as they pleased.

During this watershed period no one party dominated politics and there appears to have been no effective political voice for the province. During the 1921-22 period the provincial economic crisis also continued to grow. Rural-urban migration continued to accelerate (see Figure 3.1). Unemployment in urban centres was rising. Wheat prices were declining, and when the Wheat Board was dismantled in 1921 price stabilization disappeared entirely.

Feeling pressured by lack of influence in the legislature and over the economy, Norris called another election in 1922. During this campaign the UFM saw
another opportunity, and a more organized campaign was conducted. Members uniformly criticised Norris's government for over-expenditure, financial mismanagement, and a scandal surrounding the construction of the new legislative building. The UFM drafted a party platform based on efficient administration, thrift, and non-partisan government (Kendle, 1979:28). The Winnipeg Board of Trade, representing the cities commercial leaders, were receptive to the UFM's call for economy and the UFM suddenly found support within Winnipeg's business community.

In the 1922 election the UFM won 26 of 50 seats and formed the new government. Morton (1967:379) refers to the UFM's victory as a significant shift in Manitoban history because it, "marked the attempt by a province still predominantly agricultural to find relief from the stresses of rapid change, an exhausting war, and a deep depression by returning to its origins, the rural virtues of thrift, sobriety and patient labour."

Of six cabinet positions, five were held by members directly linked to agriculture. The new Premier, John Bracken, was a farmer, had been educated at the Ontario Agricultural College, was President of Manitoba's Agricultural College, and was elected as The Pas' representative. His connection to rural and agricultural life were undoubtable. The new farmer's party had successful brought strong representation for communities outside Winnipeg to the highest ranks of provincial politics.

The UFM's first order of business was to reduce the debt built up by the
Norris government. By 1915 the provincial debt had reached $40,000,000, and by 1926 the UFM reduced this debt to $4,552,000 (Kendle, 1979:37). The farmers were proving their ability in financial management. However, to achieve their financial goal severe reductions were made to the education budget, mother's allowance funding, and civil service hiring (Morton, 1957:386). Despite the expenditure reductions Bracken's government could not make satisfactory impact on the debt. To reduce more required not only lower expenditure but increased revenue, and to this end the UFM established a new, and very unpopular, income tax.

The Norris Government's comparatively generous agricultural policies were also cut back. For example, the Rural Credit Society, a publicly funded lender of last resort, had their operation scaled down. The Farm Loans Board was instructed to adopt more restrictive policies and began refusing most applications. Loan programs for purchasing livestock were also terminated (Morton, 1957:386).

Another blow to farming came as a result of the non-partisan approach which initially made the UFM popular. In response to the ongoing decline in wheat prices ($3.19 in 1920 to $1.10 in 1922; Morton, 1957:380), governments in Saskatchewan and Alberta pushed Parliament to re-instate the wheat board. The federal level agreed, but added the proviso that all three prairie provinces first pass enabling acts. In 1923, wheat board legislation was voted down in Manitoba.

It seems strange that a farmers government would not support wheat price
stabilization, but the bill was the victim of poor timing. Morton (1957, 384) explains that Manitoban farmers had enjoyed better weather than their counterparts in other provinces and were able to harvest earlier and sell their wheat when prices were higher. Since UFM members voted in response to their constituent's wishes, the bill did not receive enough support in the legislature. The wheat board event served as a reminder of the UFM's refusal to adopt party solidarity. However, in upholding non-partisanship the UFM sacrificed an initiative the federal government was prepared to grant the entire grain growing region. The UFM's new approach to government had also scuttled a vehicle for achieving one of their objectives: stabilizing farm incomes. Farmers paid for Manitoba's shortsightedness as wheat prices continued falling to sixty-three cents per bushel during 1923.

Cutbacks in public funding, increased taxation, and the wheat board defeat are examples of the impact of the UFM's dedication to austerity and non-partisan government. But, Bracken's government cannot be described as entirely Draconian. Kendle (1979:53) argues that because of the UFM's rural roots, and their familiarity with the instability of wheat farming, Bracken recognized that the rural economy had to diversify:

By the mid-twenties he [Bracken] was making it clear on a number of public platforms that important as agriculture was, as serious as its problems were, and necessary their solution was, the province could not continue to depend on agriculture alone. Forestry, mining, fishing, and water power would all have to be developed, as would secondary industry.

In Kendle's (1979) biography of John Bracken, the author describes in detail the
difficulties Bracken's government faced in achieving diversification outside Winnipeg. These problems can be linked to two conditions placed on growth by the UFM:
1. private investors were to undertake the development ventures;
2. the provincial government wanted to control the scale and type of investment taking place.

A great deal of public time and energy went into allowing investors enough room to find development profitable, while maintaining some public influence. For example, in 1925 Bracken himself began soliciting candidates for a pulp and paper operation in northern Manitoba. His first choice was a Manitoban named J.D. McArthur. What McArthur and his partners requested was the right to cut a much larger area of land than Bracken felt any one company should control (Kendle, 1979:54). Bracken's concern was that one company might monopolize the Province's timber lands. McArthur argued that the large area was necessary to make cutting and processing viable. The Premier refused to support McArthur's request without significant modification.

Negotiations for cut size and price went on for some time and were complicated by the fact that the federal government actually controlled natural resources in Manitoba at that time. While Manitobans began promoting and supporting resource-based industry in Manitoba, potential clients actually had to receive legal authority for their projects from federal departments. Eventually the federal government offered a license for a much larger cut than Bracken was comfortable with. A bidding war ensued between several investors. McArthur ended up with the license but at an inflated price (Kendle, 1979:56). There was
some relief in government that the project was finally under way, and that a
Manitoban had won. Unfortunately, because of the inflated purchasing cost
McArthur could not make the project financially feasible. After more negotiation
an American firm ended up with control of the timber land while McArthur held
on to the milling operation. Of the government's two criteria for development, the
second (public control) was sacrificed in order to maintain the first (private
investment).

In mining the sacrifices again accrued to government in order to make private
investment stick. A mining operation in the north was considered the surest way
to stimulate growth in that region. An investor was found in New York to
establish a mining operation in Flin Flon but the site was isolated from potential
markets. A rail link became the essential ingredient for development. After
another period of negotiation the provincial government ended up subsidizing both
construction and operating costs for a rail link built by the Canadian National

In hydro-electric development the private investment scenario was repeated again.
Three firms became involved in hydro-electric development at a southeastern site
known as the Seven Sisters' Falls. Two of these companies were privately owned
while the third, the Manitoba Hydro Commission, was a public holding. Kendle's
(1979:71) research proved that as early as 1925 Bracken had been petitioning
the federal government to reserve the Seven Sisters site for provincial use. The
Premier was not convinced that private development would insure sufficient
amounts of cheap power for the province over time. Despite Bracken's original
position, Morton (1957:402) relates how, in 1928, a report sponsored by the provincial government on dam development at Seven Sisters Falls, "declared that it would be uneconomical to develop the site under public ownership and recommended that the site be leased to a private company." The Seven Sisters project became an achilles heel for the UFM because a contract between the Province and a private firm was entered into without consulting or informing the legislature.

In assessing the UFM's development efforts one must acknowledge their success in hosting diversification. Artibise (1977:114) notes that Manitoba's manufacturing was expanding during the late twenties, with gross value of products rising from $75 million in 1921 to $109 million by 1929. The Manitoba Industrial Development Board announced in 1927 that 437 plants, involved in 43 branches of manufacturing, were operating in Winnipeg. Thirty-eight new firms had opened in the last year alone (Morton, 1957: 395). In addition, mining in the north helped establish The Pas and Flin Flon as new provincial centres.

On the downside, the public role in development appeared to stop at identifying opportunities and providing the necessary infrastructure. A pattern of private ownership and control of the initiatives which drove development was emerging. The government was not as successful as originally intended in achieving a balance between private investment and public control. To stimulate diversification through pulp and paper, and mining, the UFM had sacrificed their concerns about monopoly and Manitoban investment. In hydro-electricity the UFM handed control of a vital resource to one private corporation. What these examples
indicate is that the UFM were more willing to concede on public control than on their desire to develop through private enterprise.

3.2.3. Crisis and Decline

In the early 1920s the UFM responded to what rural voters considered a crisis by applying their conservative approach to administration. The UFM's strategy appeared to regenerate prosperity in the province. However, the prosperity was short-lived. By 1928 Bracken had six years to establish his party's vision of good government and provincial development, yet could not buffer the province from the oncoming depression. On the political front, during the provincial election of 1927 the farmer's party actually gained an additional seat. However, the Conservatives had also regained more seats (McAllister, 1984:111). Despite voter's support for the UFM their organization had eroded, and the UFM's political organization dissolved in 1928. Signs of prosperity seemed to shift some people back to former alliances with other parties, and other voters went to small reformist groups splitting from the UFM. Compounding problems in maintaining a party foundation, the government was plagued by criticism surrounding the Seven Sisters contract. The Conservative opposition charged that the UFM had abandoned their policy of public control in development (Morton, 1957:404). Based on allegations that the contracted firm had made a large contribution to the UFM's campaign fund, Conservatives also discredited the deal as corrupt.

Kendle (1979:94) states that without support from a party organization Bracken and the former UFM representatives slowly developed a coalition with the Liberal party. Political leadership became unsettled and Bracken was searching for the
means to fend off the Conservatives.

Surrounding the political intrigue of the late 1920s were numerous signs of economic decline. Artibise (1977:122) notes that while Manitoba’s primate city had enjoyed an industrial boom during the previous years, from 1924 through 1930 Winnipeg’s importance as a distribution centre was declining. Wholesale trade in Winnipeg is cited in Artibise’s research falling from $96.7 million to $72.9 million over the same period, while in Calgary and Edmonton wholesaling was increasing in value. Distress amongst the unemployed was also becoming more visible. Kendle (1987:134) highlights frequent marches on the legislature to demand assistance from the government.

A growing farm crisis soon added to problems in the cities. Agriculture suffered drought conditions and another cycle of record low crop prices. Bracken was suddenly caught in a struggle between farmers and the banks that had lent them money. He had to intervene to keep farming viable during the depression. However, the government held fast to its belief in the market system and would not interfere in favour of either creditor or debtors. Coates & McGuiness (1987:110) quote Bracken making the following statement after attending a conference on the farm debt crisis:

It was the feeling of the meeting that if there were no interference with the operation of ordinary economic laws the situation would right itself more quickly and more fairly than it would if temporary and more or less unsound measures were resorted to. It was considered that arbitrary or radical measures at this time would not only work out inequitably but do more harm than good.
The farmers' reaction to the Bracken government's attitude became more forceful. In 1932 a group of 500 farmers organized by the Farmer's Unity League marched into Winnipeg to confront Bracken and present their own proposals (Kendle, 1979:134). Later that same year another band of 500 farmers fearing tax sales marched into the small town of Arborg, forced their way into the municipal offices, and destroyed the assessment records.

To their credit the provincial government accelerated capital works schedules to create jobs. The province also subsidized make work efforts generated by the municipalities. None of these efforts created sufficient support, and slowly drained away revenues. By 1932 the federal government threatened to end financial support extended to Manitoba, and suggested that a federally acceptable controller be installed. Trade unions, workers councils and other labour groups had been in the background for some time arguing for additional assistance. The Winnipeg Board of Trade was demanding that the government balance their budget and accept a committee appointed by the Board to act as economic advisors. Satisfying any one group meant Bracken would alienate the others to some degree. The desire to maintain a balanced budget finally prevailed in the budget of 1933. Expenditures were cut back by an estimated $2.6 million and a new 2% tax was placed on all salaries and earnings (Kendle, 1979:131).

While the depression's impact on Manitobans cannot be diminished, residents somehow prevailed. At the height of the depression 30% of Winnipeg's population were receiving relief. However, 30% means that many people were still employed. Artibise (1977:126) demonstrates that several conditions combined in the city to
create a niche for services and manufacturing. First, the difficult cash flow conditions of the time meant manufacturers and retailers had to be capable of swift manufacturing and delivery. In Manitoba this efficiency gave firms a slight edge over competitors in the east, who were more distant from the prairie market. Second, the population of unemployed provided a steady supply of labour, or when opportunities appeared, skilled labour opened their own small businesses. Third, large hydro-electric projects from the earlier development period provided the city with abundant cheap power. Finally, contraction in the wholesale sector opened up a supply of affordable space for industries to take up. As a result of the conditions described above Artibise notes that manufacturing firms increased from 519 in 1930 to 648 in 1939.

The fortunes of the rural-based reform movement had come full circle. The farmer's party won office on the promise to act on behalf of rural residents. But, during the 1930s farmers and other rural residents turned against Bracken's leadership as they had turned on his predecessor twelve years earlier. In good times and bad, the UFM and coalition governments had upheld their support for private enterprise and financial restraint. For a short period development efforts seemed to stimulate growth. But, when conditions in the global economy soured, the Bracken-Liberal coalition was reduced to managing damage control. While UFM-style laissez-faire development had fostered new industrial activity, primarily in Winnipeg, the party's development strategy contributed little to appease rural residents.

Bracken continued on as Premier until 1943. But, from the time the UFM
backed out of politics in 1928 until 1943, Bracken continued on as Premier by balancing coalitions with the Liberals, Social Credit, and Conservatives.

This history of the farmers' movement illustrates how, in the 1920s Manitobans were already wrestling with problems presented decades later by the government and RDCs as issues of the 1960s. All the components of Manitoba's economy were floundering and no decisive action was coming from within the province. The solution in 1922 was to vote into power a rural-based party dedicated to reviving rural stability. Compared to creating RDCs, the 1922 solution was more extreme. Rather than designing local organizations to deal with regional issues the UFM tried to establish control over economic destiny by making rural/regional issues the priority for Provincial Government.

3.2.4. The Second Approach

In the period between 1935-58 Bracken left politics but was replaced by fellows of like mind. Stuart Garson and Douglas Campbell became the next Premiers and both were former Bracken cabinet ministers. Manitoban historians seem in general agreement that while Bracken was gone the approach to government remained fundamentally unchanged (Whitcomb, 1982:52; Coates and McGuiness, 1987:160; Morton, 1957:463). Government ran on the same principles of non-partisanship and austerity established in 1922. However, the scale and rate of change farmers objected to in the 1920s began to pale in comparison to change after 1941. Rural-urban migration began to accelerate again after World War II (see Figure 3.1). Measured in terms of the numbers of machines appearing on farms, mechanization also accelerated in the post-war period (see
Cohcurring with the mechanization in agriculture, Figure 3.2 illustrates a decline in the number of individual farms and an increase in the area of each remaining farm. In addition, farm incomes continued to take extreme swings (see Figure 3.3). Together increased mechanization and unstable wages made it impossible to make wages for farm help competitive with other industries. By the late 1950s the incentive to leave rural areas was stronger than it had been in the past.

Morton (1957:463) points out that industrialization was well rooted by the 1950s, and the old rural-based government was falling out of step with changing conditions. While the Campbell government managed budget surpluses for eight years, aggregate personal income in Manitoba grew by only 71% from 1948-1958 (Chorney, 1970:20). Compared to Ontario's 120% increase and even Nova Scotia's 80% increase over the same period, people sensed that the time had come for a new approach to development.
Figure 3.2
Number and Size of Farms
Manitoba, 1936-1981

Figure 3.3

Farm Operating Cost vs Incomes
Manitoba, 1966-1986

Source: Ghoryashi, 1990.

* Expenses = Operating + Deprecation Charges
In the election of 1958 the Conservatives leapt on the government's austerity, emphasizing how Manitoba's growth was below the national average despite the increased industrial activity. Duff Roblin and the Conservatives offered a new platform of direct intervention to aid development and won a minority government. Two significant changes occurred in development policy as a result of the Conservative's attitude towards intervention. These changes are significant because: (a) they increased the government's concessions to industry, and (b) these changes included defining the initial role for the Regional Development Corporations. The first change (increasing concessions) will be discussed below as the last section in this chapter. The changes leading to regional organization will be dealt with in Chapter 4.

3.2.5. Extending the Limits of Intervention

Rather than rigidly adhering to balanced budgeting, as his predecessors had done, Roblin began borrowing to finance an aggressive series of development aids (Gonick, 1990:28). For example, during their first year in office the Conservatives established the Manitoba Development Fund (MDF) to act as a lender of last resort for small businesses. Whitcomb (1982:56) notes that in an effort to balance economic development throughout the province, the government was particularly interested in using the MDF to foster small industry outside of Winnipeg. The MDF requires special mention as an example of the Province's new aggressive development strategy.

While small industry outside Winnipeg was the initial target, this objective quickly changed. Harold Chorney (1970) prepared a critical review of the MDF's
performance and while the tone of his review is overtly hostile, the facts he included are revealing. Between 1958 and 1970 two-thirds of the capital loaned by the MDF went into only four companies (Ibid. 21). In a 1967 speech the MDF's manager made it clear that the fund would be used to attract American investors, "we want U.S. investment because we believe it is vital to Canadian growth...the provincial government is willing to use its influence where appropriate to create a profit opportunity where none might otherwise exist". Evidently the MDF had moved beyond being a lender of last resort for small business.

Providing profitable opportunities for investment was the same rationale the UFM had adopted in its diversification strategy. In this regard the Conservatives were only continuing a tradition. The Conservatives also appear to have followed another pattern established by the Bracken government's diversification strategy. That pattern was the willingness to concede public control in order to recruit new industries. What was new, however, was the scope of concession considered legitimate by the Roblin government. For example, while the original intention of the MDF was to act as a lender of last resort, a $20 million loan was used to attract the Simplot Chemical Fertilizer Company into Brandon. Chorney (1970:22) argued that Fortune magazine had estimated Simplot's yearly sales at $200,000,000. The MDF had little reason to believe Simplot was hard pressed to find venture capital. Another infamous example was the Churchill Forest Industries project (CFI). This project was to be a massive pulp and paper operation initiated near the northern community of The Pas. In this case a group of European investors were attracted by an extensive list of concessions. Quoting directly from the CFI contract some of the terms Chorney (1970:42)
discovered were:
- the company was granted rights to timber land equalling 16% of the area of Manitoba (40,000 sq. miles);
- no guarantees were made for job generation. The government agreed to pay for vocational training of local residents, but the company was not bound by any agreement to hire local residents;
- the project was tax exempt for twenty years;
- the pulp mill was excluded from any noise and pollution by-laws passed in The Pas;
- regarding pollution controls, the government agreed that the company’s "obligation shall be limited to the taking of reasonable steps to render such waste, etc., harmless to downstream interests, having due consideration to the...economic necessity of holding costs to an extent that provides a reasonable profit".

Examples of the MDF's undertakings demonstrate that the Roblin government had not dramatically changed the strategy for provincial development. What was new was the government's willingness to accept larger costs, in terms of loans, training, infrastructure, and environmental damage, to attract industries into rural and northern Manitoba.

The magnitude of expenditures on education, health and social service, and transportation, during Roblin's term in office also indicate that Simplot and CFI were not the only firms government hoped to recruit with extensive inducements (see Table 3.3).
The new spirit guiding development in Manitoba is best explained by the 1963 report from the Committee on Manitobas Economic Future (COMEF). The COMEF was organized by the government in 1961 to achieve the following: conduct a review of the provinces' economic performance over the previous decades, identify opportunities for generating employment during the 1970s, and outline methods for achieving growth and employment.

In their introduction, the COMEF stated that by 1975 a 75,000 job shortfall was anticipated in the province. In searching for solutions the COMEF examined the each sector of the provincial economy, but Section VI, Chapter 1, entitled Manufacturing -- The Key to Development and Full Employment, clearly identified where government could expect new employment to come from. Secondary industry was singled out as the cornerstone for future growth:

Manufacturing need not be limited by the local market or by increases in local population to the same extent as other sectors of the economy such as service industries and construction. This opportunity to produce for export markets makes possible an expansion...
of manufacturing on a scale adequate to provide more additional employment than can be provided by agriculture and the other primary industries concerned. Moreover, expansion of manufacturing has an important multiplier effect on development, growth, and employment in other industries. For example, growth in manufacturing will induce further development in industries which supply it with raw materials, such as agriculture, forestry, and mining, and in industries which distribute its products, such as transportation and wholesale and retail trade.

The process described to induce industrial development involved not only favourable tax rates and infrastructure such as roads, railways, and electrification, but also improved educational attainment, business skills, recreational facilities, community services, and financial assistance. What emerges from the COMEF report (1963:VII-7-7) is a process to be applied province wide:
- Identifying potential manufacturers and assessing what social, economic, and cultural location requirements they have;
- Finding locations within the province which offer these requirements, or which can develop these requirements;
- Selling the manufacturer on the appropriateness of the selected location given their requirements.

What COMEF described was a "plug in" approach to development. Analysts assessed what industry needed, found some community that could fill the needs, and then tried to plug the industry into the appropriate environment. Once the private firm was in place it was expected that expansion would occur in both forward and backward linked industries.
3.3. SUMMARY

This chapter has introduced the RDC network and its origins. The chapter also included data which give an indication of Manitoba's economic development since 1922. The information in this chapter indicates that:

1. While records state that RDCs were created in an effort to solve rural problems of the 1960s, these problems extend farther into the history of the province;
   a. From 1922-1960s rural-urban migration continued to accelerate;
   b. Mechanization in farming accelerated throughout this period;
   c. In 1941 individually owned farms began a decline which continued into the 1980s;
   d. Despite increased industrialization Manitoba fell behind national indicators of growth;
   e. By 1963 the government was anticipating the need for 75,000 jobs to match the number of able workers in 1976.

2. Between 1922-1960s Manitoba tried two approaches to influencing development:
   a. In 1922 the UFM founded a diversification strategy on public support for private sector resource development in rural Manitoba.
   b. In the 1960s the provincial government modified the role of the state to include greater public intervention.

Answers to the subsidiary questions outlined in Chapter 2 follow below:

1. What priorities or objectives were emphasized in provincial development policy?

During this pre-RDC period there is little evidence of concern for anything but economic priorities. In the 1920s the farmers representatives intended to reshape the political agenda. What they established was an period characterized by austerity, financial restraint, and a clear statement that diversification would come through private enterprise.
Viewing the farmers representatives after they had built up experience as a government, one does not see much evidence of a reformist movement. Judged by their cautious fiscal policies and track record in dealing with development, the UFM-type government followed a laissez-faire approach typical of most "mainstream" parties in that era.

In comparing the Bracken government's attitude towards development to the theories outlined in Chapter Two of this thesis, Courchene's free market theory comes closest. There are, however, many differences between the two. First, research carried out for this thesis did not uncover any indication that Bracken's approach was as carefully calculated and argued as is Courchene's theory. Bracken's approach appears based on a simpler belief in the self-righting ability of the marketplace. Second, unlike Courchene, labour mobility was not Bracken's primary concern. Bracken was concentrating on attracting new industry. A third difference was that Courchene focused on the national economy while Bracken, and his party, focused on provincial affairs.

Despite the differences, Bracken and Courchene both made clear the belief that market forces were best left to solve most problems. Like Courchene, Bracken also emphasized the importance of building overall economic health rather than favouring one sector or region.

With the UFM record outlined, the Roblin government's approach to development was shown to share the interest in insuring that development was driven by private enterprise. But, unlike the UFM, the Conservative approach saw a
legitimate role for interventionist strategy. The Conservatives won the 1958 election by criticising the lack of growth created by past policies. The focus on growth is itself significant because it highlights a change in policy objectives since 1922. The farmer's party was founded to solve a series of rather poorly defined rural complaints. At least in the early years general economic growth was not the UFM's primary interest. By the time the COMEF report was presented in 1963, the focus of development had shifted from broad rural problems to provincial economic growth and employment.

2. What strategies were used by the province to achieve rural development?

The UFM example demonstrates that Manitoba's early attempt at local participation gained little influence for rural residents. The events described in this chapter demonstrate that once UFM representatives formed the government, their task became more complex than simply establishing rural reforms. Bracken quickly recognized that agriculture alone was an insufficient economic base, and at that point Manitoba's provincial government began its first development strategy. Through diversification projects in pulp and paper, mining, and hydro-electricity the Bracken government became entwined in complex factors ranging far beyond what rural residents likely expected. In addition, Winnipeg's importance to the provincial economy could not be ignored, and finally, the depression forced government to deal with unforeseen issues.

Within a short period the Bracken government had to step from their narrow rural agenda in order to serve the interests of the province as a whole. At this
point locally-based government ended. Decisions were being made based on what
the government believed was best for the province, rather than any particular
section of the population. The government’s firm stand on non-intervention in the
farm debt crisis was one example of how non-partisanship and sound financial
principles, the virtues for which this government was elected, kept Bracken from
jumping to the farmers’ defence. The rebirth of rural protests during the 1930s
were other signs that the government was no longer automatically doing what
rural residents preferred, but following an independent development strategy.

3. What role was established for locally-based participation?

The events in this chapter demonstrate that from 1922 to 1960 the provincial
government was establishing a development strategy which kept most planning
control at the provincial level. However, the UFM also represent the first
coordinated effort by rural residents to exert influence in provincial affairs.

When the UFM formed a political party, rural residents were disturbed by the
farming economy’s poor performance and dissatisfied with political leadership at
all levels. Rural residents hoped that through the UFM rural concerns would, in
effect, be transformed into provincial concerns. The UFM wanted to establish as
direct a connection as possible between community members and the means for
creating change. Since UFM representatives mimicked the sentiments of their
constituents, decision making was pushed down to the community level and,
therefore, this rural-based reform effort can be considered a brief attempt at
locally-based development.
This chapter has provided some indication of the political and economic environment into which RDCs would soon be placed. The history dating back to the 1920s displayed no formal integration of local participation into the government's development planning. Private investment was identified as the engine for development, and provincial government attracted private investment by gradually expanding public concessions. The following chapter will contain the study of how RDCs have evolved under these conditions.
4. THE RDC IN MANITOBAN REGIONAL DEVELOPMENT

4.1. INTRODUCTION

In this chapter RDC evolution is followed through three periods: (1) 1963-1973; (2) 1973-1983; (3) 1983-1990. In the first two periods, comments made by Harvey and Associates (1984) concerning what development theory was guiding the RDCs will act as the starting points. In addition, the first period will highlight recommendations made for the foundation for RDCs in 1963. The latter two periods will highlight subsequent changes in provincial affairs, and changes in RDC vision for locally-based development.

4.2. 1963/73: THE FIRST PERIOD

Harvey and Associates (1984: 59) state that the 1963-1973 period is distinguished by the predominance of growth pole theory in provincial development strategy. While the authors mention growth pole theory by name, the description provided in their report outlines "central place" theory. The authors argue that central place theory visualizes the service centre as the place from which goods and services are made available to local markets. Growth of a service centre is then related to demand for the services provided. Comparing Perroux's interpretation of "growth pole" as a propulsive industry with the Harvey and Associates description of service centres, the authors have confused "growth poles" with a
vision that has more in common with growth centre theory.

Independent examination of the COMEF report indicates that during the 1963-1973 period there was some connection between growth poles and provincial strategy. But, examination of an East-Man RDC report revealed growth centre theory underlying the local organization's work. It will also be demonstrated that this period is notable for the confusion surrounding what role RDCs had in regional/rural development.

4.2.1. Events at the Provincial Level

The background provided in Chapter 3 demonstrated that by the 1960s direct public intervention was synonymous with regional development policy. Public investments did stimulate diversification in manufacturing and related services, and some 30,000 jobs can be attributed to the expenditures (Gonick, 1990:28-30). However, Gonick also argues that the interventions failed to halt or even slow Manitoba's deteriorating national position. Detrimental events continued to out-weigh the benefits generated through public expenditures.

The CFI project plagued the government as construction schedules and production quotas were not met. Air Canada moved maintenance facilities out of the City. John Deere moved out parts facilities. Diesel locomotives left Winnipeg rail yards less maintenance activity. Losses in Manitoba were compounded by expansion of business in Calgary, Edmonton and Regina. Thus, poor results from the interventionist approach strained the government's popularity.
To bring industry into the province quickly, Roblin had gambled on a program of comprehensive incentives. Chorney (169:22) states that the Premier defended his strategy as follows:

We have to fight it out with the rest of North America. The competition is pretty tough. If you think that our inducements are high you should see what the other fellows are offering.

Whitcomb (1982:58) noted that returns from the inducements were not coming in as fast as expected, and by the mid-1960s the government had to raise taxes to cover the costs associated with their comprehensive incentives. Roblin began to lose the support of his own party, and in 1967 resigned. For two years Walter Wier acted as government leader, adopting a more restrained approach to expenditure.

In 1969 the political scene in Manitoba appeared to make a another significant shift when the New Democratic Party replaced the Conservatives. The continuity in strategies put forward by previous governments appeared to be broken. Social costs associated with the Conservative party’s policies were emphasized by the NDP during the 1969 election. The NDP also presented an extensive list of proposed reforms. Coates and McGuiness (1987:168) refer to 194 separate pieces of legislation passed in the legislature during the NDP’s first term, and comment that the party presented great potential for changing the province’s development. By the end of the first period the NDP brought an apparently dramatic shift in provincial politics, and introduced what promised to be another approach to development.
4.2.2. COMEF and the Initial Vision of RDCs

As stated in Chapter 3, the COMEF report made two contributions to regional development in Manitoba:
1. The legitimate domain for public intervention was expanded;
2. Local participation was given special recognition as an integral part of development in rural areas.

The first contribution has already been discussed. An examination of local participation will be the focus of this section.

In the COMEF report (XI-4-1 to XI-4-14) a chapter entitled, "Regional and Community Development as Factors in Economic Growth", was dedicated to promoting regional development organizations. The benefits Committee members saw (Ibid.XI-4-9) in regional organization were presented as follows:

The formation of regional development organizations that would employ their own technical staffs should be encouraged. Because many of the problems facing rural Manitoba are regional in nature, this approach offers individual committees the mechanism for attacking these problems on a united front. The regional organizations can be quite effective in dealing with problems of mutual concern such as the development of water and their resources, the establishment of regional parks, adjustments in agriculture to encourage new crop and livestock enterprises and the promotion of industrial and tourist development on a broad front. The regional organization can help also to bring about greater co-operation between farm groups and town groups

The two objectives initially presented for regional organizations were to "stimulate development in the region and promote industrialization of the region..." (Ibid.XI-4-9). Concerning "development," the Committee's expectations are not clear. Despite being a committee charged with studying economic growth, the tone of the report suggests that "development" had considerable scope. For example, agricultural and natural resources were listed ahead of industry and tourism in
the quotation concerning benefits of organization. In an earlier chapter (COMEF:1963:V-1-6) addressing primary industries the Committee described natural resource planning as follows:

The "renewable" resources, soil, water, forests, fish, fur, and wildlife, must be managed to produce sustained yields in accordance with modern concepts of resource management and conservation. Minerals are classified as "non-renewable" resources since once extracted and used they cannot be recaptured. The development of these non-renewable resources must be separate and treated differently from renewable resources...This basic difference between "renewable" and "non-renewable" resources is exemplified by the need to utilize our fish, fur, and timber resources in a manner which will result in maximum long term output.

Adding to agriculture and resource management, passages spread throughout the chapter concerning regional organization also mention water resource planning, industrial development, enhancing co-operation between groups, and planning parks, schools, libraries, and streets.

The example of resource planning in combination with the extensive list of subjects associated with regional organizations suggests "development" was intended to have broad parameters. But, the COMEF did not recommend any framework for regional organizations to integrate such diverse activities. The Committee did state that each organization should have its own technical staff (Ibid.XI-4-9). Later in the same chapter the authors mention that member communities, "could establish regional development and planning offices that would include a development specialist and a planner." The development specialist was to manage the office and co-ordinate the regional program. The planner would take over physical planning duties executed at that time by the government. The
Committee also states that government should provide matching grants for the salaries of the development staff. Apart from these descriptions there were no details on co-ordinating an RDC's "development" responsibilities.

Concerning industrialization, regional growth was considered by the Committee to be dependent on each regions ability to attract and hold industry (Ibid.III-2-3). The region's attractiveness was said to depend on factors such as natural resource endowment, quality and quantity of labour, initiative and energy of local management, and on a "favourable political climate." In other passages the authors add that the Province would have to be prepared to develop special programs to attract "outstanding industrial companies" (Ibid.VI-1-2). Because the report discussed industry and factors leading to industrialization at several points, readers had an indication of what RDCs had to undertake to promote this type of growth.

Unlike nebulous advice on "development", the authors clearly state that with aid from the Department of Industry Trade and Commerce, communities should identify industries suitable for rural Manitoba, evaluate the industries' requirements, target specific industries that could locate in a community economically, and find methods for recruiting these firms (COMEF, 1963:XII-4-4 to XII-4-5).

A second example of clear, practical advice on industrialization was that rural communities, "need to encourage the establishment of "standard" industrial parks or districts in order to stimulate industrial development in rural areas"
The Committee (Ibid.XI-4-2) did not offer much advice for communities that did not have what contemporary industries were looking for:

In all probability, only a few of the smaller towns in rural Manitoba will become important industrial centres...In some respects the consolidation is not necessarily bad, because, like the consolidation of farms, it generally results in a more economic unit which can perform its function better"

For communities that miss out on industrial recruitment the only consolation offered was that if a company established in one community, it would likely generate employment for residents in surrounding communities. The Committee was assuming that "spread effects" from polarized growth would offer some measure of growth throughout a region.

The preceding paragraphs have outlined benefits expected from local organization, the objectives outlined for RDCs, the few details given on RDC composition, and the ambiguity of "development" compared to the clarity of industrial objectives.

Two important points remained unsettled in their recommendations:
1. The Committee was indistinct about whether regional organizations were considered a vehicle for achieving local objectives, or a vehicle for bringing rural residents into Provincial objectives.
2. The Committee was unclear on what balance was expected between economic and more comprehensive objectives.

Regarding point #1: the COMEF (Ibid.XI-4-3) recommendations left room for local residents and government to interpret the "appropriate" RDC role:

Communities and regions must become an integral part of the Province's economic development efforts. Although it can provide
assistance, the real responsibility for development lies with the individuals in communities throughout the Province. Without strong community support, efforts at the Provincial level can prove useless.

This quotation can be viewed in two ways. There is a reference to the importance of local support as a necessary ingredient for development. Rural communities are told that they must shoulder the "real responsibility". At the same time, the Committee implies that the Department of Industry Trade and Commerce (representing 'the Province') has a major responsibility for stimulating development in rural Manitoba.

Despite the ambiguity concerning where RDC direction came from, a report from the RDCs indicates that by 1970 seven RDCs had been established (MRDC, 1974:3). Direction for the corporations had emerged from somewhere, and a hint about where that direction came from is found in the East-Man Regional Development Study (ERDC, 1970:4).

The ERDC study was prepared as part of an assessment of possibilities and limitations for the long-term development of that region. In the report (ERDC, 1974:4) the authors describe four long-term objectives:
1. To improve the quality of life for the people of the region;
2. To maintain the ecosystem as a continuing base for the creation of an even better environment for the inhabitants of the region;
3. To enlarge the socio-economic-political environment of the region in harmony with the needs of the people of the region and the potential of the natural ecosystem;
4. To relate the regional planning and development of East-Man to the planning and development of the other adjoining regions.

These objectives reflect the comprehensive vision presented by COMEF, but the
East-Man corporation adds the following parameter:

These objectives are to be realized within the framework of the policies of the Provincial and Federal Governments, which are dedicated to stimulate, support and guide an orderly and rational development of the Province of Manitoba.

The East-Man RDC was describing its role as an extension of senior government policies and programs. This RDC's adoption of a role as part of government policy was evident not only in their statements, but also in the pith of their report.

The focus of the *East-Man Regional Development Study* was identifying potential growth centres in that region. In explaining their analytical method, the RDC (ERDC, 1970:18) stated that:

> the hierarchial pattern was identified by using Central Place Theory in modified form to suit the peculiarities of the East-Man region. The functional index for each settlement was determined on the basis of the calculated locational co-efficient for each settlement.

This *functional index* was a numerical value used to represent the economic importance of each settlement relative to others in the region. (see Appendix I for explanation of functional index). For example, Steinbach ranked highest with a functional index of 436.56, containing 109 firms covering 18 different activities (ERDC, 1970:19). Beausejour ranked second with 336.97, containing 100 firms covering 18 different services. This process was repeated down through to towns ranking as low as 0.65. The levels of economic activity were then assembled into four grades (Grade I being centres offering the highest level of service).
As discussed in Appendix I, the report does not explain exactly what procedures were used to derive index values, nor is there an explanation of how centres were divided into different grades. Lack of explanation makes it difficult to understand why some procedures (such as dividing centres into grades) were used, and difficult to assess the validity of their conclusions. Methodological weaknesses aside, the following quote (ERDC, 1970:25) demonstrates that the objective of this numerical analysis was to provide some indication of which sub-regions were strongest in terms of economic activity, which had potential, and which were unstable:

The structure plan of the East-Man region, then, is based on the concept of a polarized region centred around growth nodes which manifest themselves from the total urban system in the region. It is also grounded on the premise that economic development does not occur uniformly over the spatial extent of the region, but rather tends to develop nodes of concentration which in turn generate the necessary growth and identify growth centres of various sizes. If this phenomenon is viewed in terms of growth, it would seem that in fact this pattern of concentration is both inevitable and a necessary condition for growth itself.

The quantitative approach was justified by listing benefits such as avoiding duplication of services in numerous centres, promoting concentration of services and manpower to make the region more attractive, and stimulating economies of scale (ERDC, 1970:19-22). The authors appear to have foreseen opposition to settlement shifts and tried to ease tensions by adding the following caveat:

This does not mean that emphasis on growth centres as a regional policy implies the abandonment of the rest of the less prosperous parts of the region. On the contrary, this policy will generate enough economic activity and centrifugal force to effect the uplifting of the rest of the region. (ERDC, 1970:22)

This strategy of identifying and favouring key centres merges neatly with the
province's development policy. The history of development strategy provided in Chapter 3 demonstrated that government policy was converging on industrialization. Comments from the COMEF stressed rationalizing the development process and locating likely centres for economic expansion. The ERDC’s hierarchial analysis fit in well as an extension of government and COMEF strategy by providing data describing economic relationships within the region, where future growth was likely, and the range of services available to potential investors. Linking all three together shows the Province’s activities focused on industrialization, the COMEF report emphasizing hierarchy and consolidation as their recommended development process, and the ERDC establishing where investment would be targeted to produce the best results. The RDC was serving as an extension of a process directed from the Provincial level.

Other ways in which the RDC report indicates that the Province was providing direction are:
1. that the ERDC’s four long-term objectives reflect the same comprehensive concepts outlined by the COMEF;
2. that the ERDC simply stated that their work would be confined to the "framework" provided by senior governments;
3. that beyond statements about local participation, there were few signs of local input. The substance of their report (their quantitative analysis) did not leave much room for public input.

Given the following: the RDC’s activity in 1970 conformed to the development process outlined by the COMEF, the RDC’s long-range objectives corresponded to those outlined by the COMEF, the RDC placed themselves within senior government’s "framework," and there was no evidence of public input, one can conclude that the ERDC was acting as a vehicle for Provincial objectives.
Regarding point #2:

The Committee was unclear on what balance was expected between economic and more comprehensive objectives.

The COMEF report was written such that RDCs appeared to encompass comprehensive development concepts. But, as demonstrated above, the clear and practical advice only addressed industrial recruitment and polarized growth.

The ERDC's quantitative analysis indicates that the RDC defined part of its role as assessing the economic vitality of communities. The RDC was creating a map of the region and preparing evidence to recommend a more ideal configuration of settlements. Lesser towns and villages were seen as linked to the propulsive centres, much like Figure 2.1 describes in Chapter 2. Also in Chapter 2, Weaver and Jessop were used to describe functional integration. Integration involved the evolution of a spatial hierarchy for economic activities such that lower units in the hierarchy were forced to specialize in order to fit the imperative planned by higher level units. In the authors' model decision making head offices located in relatively few parts of the world. Research and development occurred in a few more. Mass production was dispersed to many more centres. The implication of ERDC's research was that industry and services were collecting in two or three regional centres while surrounding communities found a role supplying labour, materials, or other goods. Weaver and Jessop's definition of integrated settlements resembles the vision East-Man RDC was supporting in their 1970 report.
Earlier in this section four long-range ERDC goals were identified. To paraphrase, the goals involved: improving local quality of life, maintaining the ecosystem, organizing the region in harmony with local needs and natural capacity, and integrating planning in all RDC regions. The message projected by the RDC was that regional planning would bring more than economic benefits. But, between the RDC and Provincial initiatives all that takes shape is regional growth centre analysis and a provincial industrialization strategy. The RDC talked about ecosystems, quality of life, and residents improving themselves. But, they did not act directly on these things.

If the RDC report is examined with regard to ecology, the report (ERDC, 1970:5) leaves an impression that the RDC had foreseen and engaged in sustainable development long before the rest of the country was aware of sustainability:

"Development," then, is seen to be taking place in two ways:

1. By the gradual cultivation of the natural ecosystem through the stimulation of understanding of it and the application of technology to increase its capacity for supporting human activities (as opposed to merely 'exploiting' the natural environment in a destructive manner;

2. By the gradual enlargement of opportunities within the region for individual people, and groups of peoples, through which they may develop themselves.

Despite the appearance of progressive thinking, economic development strategy was the only concept that the RDC report dealt with. The COMEF did mention land use planning being integrated with RDC
operations. However, the 1970 report had no explicit land use content, especially not associated with ecosystems management.

Finally, observations from a regional economist not associated with Manitoba's RDC approach indicate that documents from the Province, and RDCs, make the initiative seem more influential than it initially was.

In notes from a conference held to debate Manitoba's economic future, T.D. Brewis was asked to describe Provincial approaches to regional development. In the context of describing Manitoba's approach the speaker mentioned RDCs in the following terms:

The Regional Development Corporations are still at an early stage in their evolution and for the most part their roles, procedures and staffing are still the subject of discussion but it is hoped that they will be instrumental in producing a consensus on the steps necessary to achieve more rapid growth within the respective regions...As experience is gained, it is hoped that they will be able to draw up comprehensive regional plans. So far this has not been done. (Conference on Economic Development in Manitoba, 1971:70)

There was an eight year span between COMEF's introduction of RDCs and these observations. From Brewis' perspective RDCs were still undeveloped entities.

4.2.3. Discussion of the First Period

In this section information collected regarding events between 1963-1973 will be used to answer the three subsidiary questions outlined in Chapter 2. Material representing the 1963-73 period indicates the following:

1. Provincial development policy became focused on industry and employment;
2. Provincial government followed a growth pole strategy, while the East-Man RDC followed a growth centre strategy;

3. During the 1963-73 period the RDC was acting as an extension of provincial policy, and local participation had a minimal role.

1. In the 1920s rural residents identified the influence of world markets, big business, and urban politicians as their problems. The UFM became a political force with a popular mandate to promote rural concerns and reform the old power structure.

Since those early days the meaning of rural reform became significantly narrowed. Bracken was not in office long before rural reform was equated with economic diversification. The business community actually became supporters of the farmer’s movement, and the cornerstone of Bracken's diversification schemes.

The Norris government brought even narrower meaning to rural reform. The Conservatives made clear their belief that industrialization was the key to future development. The government’s advisors saw the province headed into an employment crisis and recommended that priority be given to recruiting industry and creating new jobs.

2. To open the 1963-1973 period Harvey and Associates were cited associating regional development in Manitoba with growth pole theory. Given the information gathered regarding Provincial and East-Man RDC activities during this period, there is some similarity to growth pole theory but it should not be overstated.

At the Provincial level, the Roblin government won an election because of the
party's promise to modernize the province. The route to modernization was seen as industrial growth. Perroux's definition of growth poles was propulsive firms capable of stimulating the growth of linked industries in economic space. Propulsive firms stimulating growth in linked industries was precisely what the government was looking for. The Manitoba Development Fund began using all the government and local resources at their disposal to recruit large scale industrial clients. The province's strategy corresponds with growth pole strategy in so far as the focus was on industry.

When the ERDC's strategy is considered apart from provincial strategy, growth centre theory appears most influential. The ERDC report was written as if key communities were themselves propulsive industries. The East-Man organization was assessing the role of service centres in regional development, and the economy of urbanization is not necessarily related to growth pole theory.

ERDC's hierarchial analysis concentrated on numbers of activities and diversity of services per locale. The report also spoke of benefits from agglomeration and economies of scale. The content of their report indicates that the RDC was considering more urbanized areas as engines for growth, and presenting consolidation with surrounding communities as the regions best hope for development. With this consolidation, or functional integration as Weaver and Jessop called it, it was argued that all local services could be provided more efficiently, thus offering local residents the best conditions for supporting any enterprises. Whether or not exogenous industry became involved can be considered a separate issue. What was important at the regional level was functional
development in general rather than industrial development in particular, and this distinction separates RDC planning from growth pole theory.

The ERDC report was also dedicated to developing economic relationships within the geographic limits of eastern Manitoba. Perroux's theory of growth poles was not devised exclusively for a regional framework. Consequently, activity he related to the growth pole did not necessarily occur in the immediate vicinity of a growth pole. Harvey and Associates have muddled Perroux's distinctions. The 1970 ERDC report demonstrates that the RDC's primary interest was in stimulating activity amongst rural towns and villages. The deliberate premium placed on focused activity marked another difference between growth pole theory and the RDC's approach.

Because there were similarities to growth pole theory at the Provincial level, there is some support for claims made in the Harvey and Associates report. However, the ERDC's theory of development was a hybrid: linked to the Province's strategy, but drawing on growth centre theory. Harvey and Associates' conclusion did not accurately reflect the regional development theory taking shape in eastern Manitoba.

3. The 1970 East-Man report paraphrased the comprehensive concepts raised by the COMEF. But, the RDC also stated that local objectives had to fit within the framework of senior government policies. Although the authors claimed that the study involved regional residents in "a realistic way," the resulting plan did not demonstrate any public input. In contrast, their technical analysis fit in well with
provincial objectives at that time by identifying the strongest economic centres and mapping the linkages to surrounding communities. The report presented little local participation or comprehensiveness. What one sees in 1970 is a specialized regional planning staff executing aspects of a development process defined by the Provincial Government.

4.3. 1973/83: THE SECOND PERIOD

Harvey and Associates highlight provincial government altering their development objectives during the 1973-1983 period, and supporting increased local participation in development strategies. However, new policies were written in very broad terms. Only minor changes to provincial development strategy and the prescribed role for locally-based planning in rural development were uncovered by research for this thesis.

4.3.1. Events at the Provincial Level

Harvey and Associates (1983:60) claim the growth pole phase ended in 1973 with the adoption of the new NDP government's statement on development policy entitled Guidelines for the Seventies. Guidelines emphasized, amongst other things, the notions that citizens had a right to basic services despite the size of their communities, and a role in planning and implementation of public programs (Province of Manitoba, 1973:35-50).

In the section of Guidelines for the Seventies (1973:38) addressing rural Manitoba
the government restated the sources of problems identified in the 1960s, such as: transportation improvements allowing wider travel, mechanization and consolidation changing farming, youth seeking better opportunities in urban areas, and greying of the resident population.

Statistics from the years preceding Guidelines do confirm much of what the report claimed. Farm incomes remained unstable during the period governed by the Conservatives (although the last years of Conservative leadership and first years with the NDP (1966-1973)did show relative stability) (see Figure 3.3). A significant jump in net income did occur at the same date that Guidelines was introduced. Despite rising to a new plateau, instability remained a fixture after 1973. Overshadowing any increase in net income during the Schreyer years was the consistent increase in average farm expenditures. By 1973 average expenses outstripped any gains in income.

Another problem was identified as mechanization and farm consolidation. If mechanization and consolidation are accepted as indicators of rural change, then the rate of change has only increased over time. For example, in the period 1951-1961 use of combines in Manitoba increased from 14,477 to 21,935 (Table 3.2). And, where 256,000 individual farms were recorded in 1931, by 1961 the numbers had fallen to 172,000 (Figure 3.2).

A third problem was identified as rural urban migration. Throughout the 1950s and 1960s statistics indicate that the urban portion of provincial population continued to increase (see Figure 3.1).
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Under the NDP, between 1971-1975, the provincial economy enjoyed another buoyant period. Agriculture, manufacturing, and mining output all more than doubled (Coates and McGuiness, 1987:163). Table 4.1 demonstrates that under these relatively affluent conditions the government was able to institute reforms without expanding the governments debt situation.

Table 4.1
Changes in Revenue and Expenditure, Manitoba, 1965 to 1985

<table>
<thead>
<tr>
<th>Period</th>
<th>Increase in Revenue</th>
<th>Increase in Expenditure</th>
<th>Accumulating Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total ($)</td>
<td>Annual Amount (%)</td>
<td>Total ($)</td>
</tr>
<tr>
<td>1965-69 (PC)</td>
<td>191,460</td>
<td>47.885</td>
<td>205,026</td>
</tr>
<tr>
<td>1969-77 (NDP)</td>
<td>821,255</td>
<td>102,657</td>
<td>841,772</td>
</tr>
<tr>
<td>1977-80 (PC)</td>
<td>623,396</td>
<td>209,132</td>
<td>653,033</td>
</tr>
<tr>
<td>1980-85 (NDP)</td>
<td>1,640,111</td>
<td>109,341</td>
<td>1,699,831</td>
</tr>
<tr>
<td></td>
<td>885,562</td>
<td>177,112</td>
<td>1,556,443</td>
</tr>
</tbody>
</table>

Note: 'The increase is calculated as a percentage, compounded annually.

Source: Tudiver, 1990:307

Recession reappeared in 1975, and by 1977 the government faced a $19 million deficit. Gonick (1990:35) notes that the government's resistance to raising taxes and operating in a debt position meant additional reforms were shelved. Several MDF clients, such as the CFI project, were taken over by government, throwing that funds contribution to development into doubt. The poor performance of government owned enterprises, such as Flyer Industries and Saunders Aircraft, also left a poor impression of the public sector's abilities in business management (Tudiver, 1990:306).

In 1977 Schreyer's NDP government was replaced by a Conservative government advocating severe restraint policies. The Conservatives returned to a development policy reminiscent of the UFM. Private enterprise was once again held up as the
only legitimate means for fostering provincial development (Coates and McGuiness:1987:170). Social programs were scaled down along with "pump priming" interventions such as hydro electric development and public housing projects. Unfortunate for the Conservatives, their restraint policies came in the midst of a recessionary period.

Munt et al. (1985) reviewed Manitoba's economic growth over the 1970-80s and noted that during the early 1970s (corresponding with the Guidelines era) the manufacturing sector actually diversified and expanded. However, Manitoba's performance relative to other provinces declined again after 1976. Aggressive restraint policies of the Conservative government, and adverse conditions in world food and metals markets were cited as primary causes. Plant closures also increased in the mid-1970s. Compounding problems in the Manitoba's economy, Coates and McGuiness (1987:173) point out that the other western provinces were reaping gains from oil, potash, and timber.

The economy was not responding to Conservative strategy, and in the 1981 election the Conservatives were replaced by another NDP government. The new government had been in office one year when the Harvey and Associates review of RDC performance was released.

4.3.2. Development Strategy in Guidelines for the Seventies

Volume Three of Guidelines for the Seventies outlined the NDP government's plan for addressing rural problems. Four principles were listed as the "guidelines" for rural policy:
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1. Maximizing the general well-being of Manitobans;
2. Greater equality of the human condition;
3. The Stay Option;

The Stay Option described a commitment to creating enough opportunities in agriculture and local trade centres that rural Manitobans had a choice of livelihood and locations.

The fourth guideline also highlighted the Provincial Government's emphasis on public input to rural development. In Guidelines for the Seventies the RDCs were given special recognition for their part in eliciting public comment on rural policy (Ibid.37).

To better understand what difference the Stay Option was intended to make in rural development, Premier Schreyer's speeches were reviewed (Beaulieu,1977:164-165) and the following excerpts were found:

The principle of a 'Stay Option', a series of programs dealing with agricultural problems and rural life generally, is to give farm families and people living in rural communities the option of maintaining their present life-style instead of allowing economic pressure and shortsighted policies of centralization and consolidation to coerce people into leaving their homes and having to resettle in Winnipeg or elsewhere. We are serious about doing those things that are necessary to assure a future for rural Manitoba, and we are working unceasingly to make the Stay Option a reality.

There are two basic aspects to the Stay Option. The first are agricultural programs designed to make it possible to maintain the family farm and to raise farm incomes to a reasonable level, not just one year in every five, but on a long term basis. The second aspect of the Stay Option is to maintain a level of investment and services
in rural areas so that people do not become dependent on Brandon or Winnipeg and so that business activity and employment opportunities and everyday social amenities remain comparable to those enjoyed in urban areas.

*Guidelines for the Seventies* marked another significant shift in provincial approach to development, and should have changed the policy environment surrounding RDCs. Like the UFM’s non-partisan platform and Roblin’s industrialization, the NDP had a new plan for taking Manitoba into the future. Centralization of rural activities that had been promoted by the previous government was now condemned, and more attention was focused on social costs related to polarized development. Spreading growth across the province on a balanced basis became the new objective. The introduction to each volume of the Guidelines contained a preface prepared by the Premier which spoke of "bringing about more equality of opportunity and eventually more equality of condition."

While speeches and policy statements emphasized local participation and broader social goals, the government’s system for regional planning remained limited. One example of how the government conducted planning in the rural setting can be found in the party’s Northern Development Strategy. This strategy was developed by a government policy unit known as the Resource and Economic Development (RED) subcommittee. Loxley (1990:318) explains that the RED subcommittee was established by the Cabinet and consisted of a group of influential cabinet ministers, a secretary with full deputy minister status, and technical staff in economics, engineering, land-use planning and computer science. The RED subcommittee’s might was enhanced by being the point of contact between provincial government and DREE.
Following the principles laid out in the Guidelines, the subcommittee tried to stimulate northern economic development by co-ordinating various government programs and expenditures in that region. Beaulieu (1977:156) found the government's priorities for northern development were on use of local resources, improving quality of life, strengthening The Pas as the focus of employment opportunities, and "...the people's progress to economic independence." While government line departments were instructed to observe the priorities stated above in their policies and plans for northern communities, there was a significant flaw in the Government's new strategy.

The entire scheme was the product of a small planning committee buried within senior levels of government and administration. While public participation was discussed in government documents, the provincial structure did not lend itself to popular control of the planning process. Loxley (1990:323) commends the government's unprecedented willingness to allow community representatives to access information. However, in an earlier article the author points out that only groups established by the government were willingly admitted into the local process (Loxley, 1981:151-82). In addition, recognized groups were limited to a consultative role. Professional planners still controlled decision making, resource allocation, and budgets.

The RED subcommittee's structure and their northern strategy demonstrate that regional development remained highly centralized, and diminished the government's ability to accommodate locally-based development.
Despite the government's tight reign on regional initiatives, their support for rural development should not be discounted. Helgi Austman (1978:78), Assistant Deputy Minister for the Rural Development and Regional Division of the Manitoba Department of Agriculture, made an extensive inventory of the programs implemented by the NDP between 1973-1978 to support their Stay Option in rural areas. Table 4.2 provides a listing of all the initiatives within Austman's inventory, and a brief description of a few of the new programs. Austman's description of some programs had to be omitted in order to fit all the programs into the table. However, no description mentioning locally-based organizations was excluded. In total, thirty-one programs/services are mentioned, but only one short statement links the RDCs to any of these initiatives. The remaining thirty involve a direct link from government departments to the targeted groups. Austman's inventory demonstrates how government continued to expand direct intervention into farm aid, infrastructure, employment and training, and social services. In contrast, the government resisted becoming a competitor in the marketplace and offered little direction on how local organizations could influence regional development. Like the previous Conservative government, the NDP preferred to maintain direct control over initiatives, rather than handing the responsibility down to rural organizations. The NDP also preferred programs which enhanced the ability of residents to participate in the marketplace rather than searching for an alternative system for meeting needs.

Like COMEF, Guidelines presented a comprehensive vision. The NDP must be acknowledged for implementing reform through cost of living tax credits to low income families, public automobile insurance, public health insurance, rental
housing regulation, and many other institutions. However, initiatives in regional development were not as comprehensive as the document’s language suggested. The reform-minded NDP did not shift private investment from its central role in provincial development, nor did it open up regional development to local control. Like their predecessors, the government also preferred public investments in social

Table 4.2:

Summary of Programmes Implemented to Support the Stay Option

<table>
<thead>
<tr>
<th>Program/Policy Area</th>
<th>Description of Some Initiatives</th>
<th>Program Titles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Development</td>
<td>• Reciprocated Manitoba Agricultural Credit</td>
<td>• Land Lease Program</td>
</tr>
<tr>
<td></td>
<td>• Corporations offered low interest loans for livestock machinery and building materials</td>
<td>• Manitoba Beef Income Assurance Program</td>
</tr>
<tr>
<td></td>
<td>• Livestock Incentive Program</td>
<td>• Livestock Incentive Program</td>
</tr>
<tr>
<td></td>
<td>• Hay Diversification Program offered</td>
<td>• Industrial Milk Expansion Program</td>
</tr>
<tr>
<td></td>
<td>• Management advice, grants, and loans</td>
<td>• Hay Assistance Program</td>
</tr>
<tr>
<td></td>
<td>• Crop Insurance Program Revised</td>
<td>• Farm Lands Protection Act</td>
</tr>
<tr>
<td>Employment and Training Assistance</td>
<td>Provinceального Program hired summer workers to undertake capital works on farms (pole barns, hay shelters, barns)</td>
<td>• Capital Works Acceleration Program</td>
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<tr>
<td></td>
<td>• Student Temporary Employment Program provided jobs painting barns, fixing fences, etc.</td>
<td>• Farm Labour Placement Program</td>
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<tr>
<td>Rural Infrastructure</td>
<td>• Cost shared program supported grants for low-fare improvements to sewage and drainage</td>
<td>• Southern Manitoba Airport Assistance Program</td>
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<td></td>
<td>• Provincial Veterinary clinics were built with Federal-Provincial funds</td>
<td>• Recreation Facilities Grant Program</td>
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<td></td>
<td>• Community Management Program offered analytical and advisory help for rural firms</td>
<td>• Libraries Grant Program</td>
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<td>• Park Planning Assistance Program</td>
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<td></td>
<td></td>
<td>• Nanovoses rural housing programs</td>
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<tr>
<td>Community Services</td>
<td>• Home Economic Program, Child Day Care Program</td>
<td>• Community Affairs Program</td>
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<td></td>
<td>• Children’s Dental Program all increased medical services in rural Manitoba</td>
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<tr>
<td>Rural Income Assistance</td>
<td>• Property Tax Credit Plan and the Cost of Living Credit Plan were to redistribute income to low income rural families</td>
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<tr>
<td>Rural Business Assistance</td>
<td>• Small Business Assistance Program provided information, counselling, and a referral service to rural firms</td>
<td>• Small Business Management Program</td>
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</table>

••Quoted from pg. 88.
overhead capital to address their objectives.

4.3.3. The Impact on RDCs

One year after the provincial government introduced Guidelines the RDCs conducted an internal review, and released the results as a submission to the government of Manitoba (MRDC, 1974). The purpose of this report was to justify enhancing the role for RDCs in rural/regional planning.

The report began by presenting an entrenched role for RDCs, "Regional Development Corporations are fundamentally responsible, to their regions, for regional planning and development" (MRDC, 1974:i). To reinforce their position at the local level the authors pointed out that COMEF established RDCs as the legitimate voice for regional and community levels (MRDC, 1974:11). In the executive summary the authors also highlight their professional resources, local base, and regional perspective. The RDCs authors were presenting themselves as uniquely suitable for locally-based planning.

Throughout the remainder of this report the RDCs emphasized "grass-roots participation," and their record of involving local people in a wide range of issues affecting regional development.

To explain their "grass-roots" concept the report (1974:11) stated:

The RDC is involved in "grass-roots" planning for development. In this process, the RDC acts as a "technician" to bridge the gap between the local people, the "layman," and the senior governments, the "experts." In this role the RDCs present regional needs and opportunities to senior government, and
conversely interpret initiatives, programs and changes to local people.

Within the context of "grass-roots" planning the RDCs described a process:

for expediting the total resource development (i.e. development of physical, economic and human resources) in the region by:

a) Identifying the needs of the region;

b) Researching these needs and opportunities;

c) Documenting these needs and opportunities in an appropriate form;

d) Mobilizing the resources necessary to ensure that these regional needs are resolved and/or regional opportunities are developed. (MRDC, 1974:13)

The four activities listed above could just as easily serve the previous government's policies as the Stay Option. However, what is new is the representation of RDC activities as "grass-roots" planning. This term did not appear in reports from the preceding period and its appearance in 1974 corresponds with the NDP's redirection of regional policy. Seeing RDCs highlighting their "grass-roots" aspect in reports sent to Provincial Government suggests that they were proving compliance with the Province's new approach to development.

Table 4.3 contains a summary of the activities which the RDCs chose to highlight in their report as examples of their contribution to "grass-roots" development. The authors divided RDC activities into two categories (Resolving Regional Needs, Developing Regional Opportunities), and also listed several efforts to co-ordinate local and government efforts. Efforts in
Table 4.3
Summary of RDC Activities, 1974

<table>
<thead>
<tr>
<th>RDC Region</th>
<th>Resolving Regional Needs</th>
<th>Developing Regional Opportunities</th>
<th>Partnership</th>
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<tr>
<td>Nor-Man</td>
<td>Assembled creation</td>
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<td></td>
<td>of a local development</td>
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<td>Board and located</td>
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<td>government to use the</td>
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<td></td>
<td>northern port facilities</td>
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<td>East-Man</td>
<td>Research and assisted the</td>
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<td></td>
<td>establishment of a custom</td>
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<td></td>
<td>slaughtering operation</td>
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<tr>
<td>West-Man</td>
<td>Examined highways as an</td>
<td>Assisted in formation of a food</td>
<td>A joint effort to provide</td>
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<td></td>
<td>impedance to economic</td>
<td>processing operation, and a</td>
<td>marketing data and study the</td>
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<td></td>
<td>development and presented</td>
<td>commercial duck breeding</td>
<td>feasibility of locating a</td>
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<td></td>
<td>findings to senior</td>
<td>operation feasibility of locating a</td>
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<td></td>
<td>governments</td>
<td>shopping mall in the region</td>
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<td>Study potential economies of</td>
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<td>scale for a group of dairy</td>
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<td>farmers which resulted in the</td>
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<td>formation of a new dairy company</td>
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<td>Interlake</td>
<td>Conducted studies of housing</td>
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<td>health services, and</td>
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<td>governments</td>
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<td>Parkland</td>
<td>Researched demand for</td>
<td>Organizing public meetings</td>
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<td>local air service and</td>
<td>for Parks Canada's to conduct</td>
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<td></td>
<td>lobbied government to</td>
<td>park plan reviews</td>
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<td></td>
<td>provide air transportation</td>
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<td>Fessina Valley</td>
<td>Helped initiate a</td>
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<td>snowmobile festival as part of</td>
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<td></td>
<td>a test of local tourism potential</td>
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<tr>
<td>Central Plains</td>
<td>Facilitated formation of a</td>
<td>Composing community and regional</td>
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<td></td>
<td>committee to study and</td>
<td>statistics for the RDGs and</td>
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<td></td>
<td>establish a vegetable</td>
<td>government agencies</td>
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<td></td>
<td>processing plant</td>
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co-ordination are presented in Table 4.3 as a third category (Government-RDC Partnerships). Reviewing projects presented in Table 4.3 indicates that the RDC role still centred on evaluating, researching, documenting, and presenting. But, when compared to the spatial and hierarchial focus of the previous ERDC document, the projects in Table 4.3 demonstrate that by 1974 most RDCs were channelling their resources into facilitating, rather than undertaking development initiatives.

After presenting the projects listed in Table 4.3 as evidence of their importance at the local level and conformity with contemporary government objectives, the authors stated several recommendations for making RDCs more effective in their regions (MRDC, 1974:27-28). These recommendations included:

1. Provincial Government officially recognizing the role of RDCs in regional planning;
2. Municipalities ensuring that representatives participate in the corporation's affairs;
3. Provincial representatives on RDC Boards coming from senior levels (Branch directors or Assistant Deputy Ministers);
4. RDC staff developing contacts with a wider range of local organizations and agencies;
5. Supplementary funding arranged for RDC activities; and,
6. RDC Directors and Cabinet Ministers giving more importance to the Cabinet Committee representing the corporations.

Two points stand out from the description presented in 1974. First, the report did not focus on participation by residents in rural planning. Instead, the authors were demonstrating that RDCs already adequately meet the new objectives stated by the NDP for serving rural residents. The MRDC's
focus was on enhancing RDCs as regional planning institutions.

Second, comparing the 1970 East-Man report and 1974 MRDC report, the most noticeable difference was that the RDC network did not discuss spatial analysis in 1974. The RDC network, as a whole, appeared to be more accepting of actions selected by local people, and less concerned than the East-Man RDC was in 1970 with idealized plans derived through technical analysis. RDCs in 1974 were more action-oriented: the product of RDC effort was now local initiative, rather than maps or technical data.

4.3.4. Discussion of the Second Period

In answering the three subsidiary questions, events during the 1973-1983 period indicate the following:

1. Provincial development policy emphasized social priorities, but the party also outlined limits to their actions.

2. Provincial government adopted the same measures as their predecessors, and the RDCs were following a strategy similar to Bryant and Preston's local economic approach.

3. Local organizations participated in several commercial projects, but gained only marginal movement towards non-economic local participation.

1. At the Provincial level, the Government distanced themselves from their predecessor's approach to development by outlining a host of on-going problems amongst rural communities. The NDP solution came in Guidelines for the Seventies, which stressed a higher priority for social considerations in development policy. In his speech outlining the "Stay Option," the premier clearly stated that his party's intention was to end the consolidation and centralization which had been promoted by his predecessor. In this regard Harvey and Associates were correct in stating that Guidelines broke from the growth pole policies adopted by
Roblin's government.

While the NDP were trying to promote the image of social and economic balance in their policies, the Premier also made it clear that his party had no intention to bring wholesale change to the fabric of the Province's economy. Comparing Manitoba's NDP to the Liberals in America, the Premier stated that, "Both approaches call for change, not radical change for change's sake, but change in an orderly, moderate and progressive manner" (Beaulieu, 1977:3). Free enterprise would remain the catalyst of the economy, and however social-economic balance was going to be achieved, the Premier was reassuring people that the province's businesses would not carry all the costs.

2. In contrast to the sweeping changes implied in Guidelines for the Seventies, the government's intention was to respond in a conservative fashion rather than transform the workings of the marketplace. McAllister (1984:69) put NDP reforms into perspective by pointing out that although the NDP had increased government intervention in the economy, so had Liberal, Conservative, Social Credit, and Parti Quebecois governments elsewhere in Canada. In terms of regional/rural development, spatial consolidation was no longer mentioned, but there was little difference between the practices of the NDP and the practices of previous Manitoban governments, or governments elsewhere in the country.

One example used to illustrate the NDP's continuity with the past was their budgetary record. During their term as government, the NDP did bring change to the tax credit system, automobile insurance, health care, and several other
programs. As Table 4.1 demonstrates, reforms were brought about while accumulating a revenue surplus. The party was fortunate in being in power at a time when the economy was buoyant and could accommodate social priorities. However, comparing their fiscal performance to the Liberals preceding them and the NDP that followed them, Schreyer's government behaved in the same manner as had their predecessors. Budgetary surpluses were consistently recorded by both Liberal and NDP governments until 1976, indicating that Schreyer's NDP were no more willing to engage in extreme fiscal actions to achieve reform than were the Liberals. During the last year of in office the NDP did record a deficit, but even the deficit was minimized when compared to the deficit budgeting apparent between 1979-1985. The Schreyer government's budgeting behaviour speaks of continued conservative advance rather than a daring social agenda.

A second example of the NDP's reserved approach to reform was the RED sub-committee and their Northern Development Strategy. While the government had assembled an organization related specifically to regional planning, that organization was nested well inside senior levels of public administration. Neither the sub-committee or its staff implemented any significant increase to popular control of the planning process. Planning powers remained within Provincial jurisdiction, and the northern residents were relied upon only as a source of feedback.

At the regional level, the MRDC was pursuing a strategy similar to the one prescribed by Bryant and Preston in Chapter 2 of this thesis. In the examination of locally-based development theories outlined in Chapter 2, Bryant
and Preston advised local organizations to co-ordinate their resources in order to enhance their control over commercial activity. Simultaneously, the authors advised local organizations to dovetail their efforts with the framework provided by senior governments.

With regard to the RDCs during the 1973-83 period, the focus was also on commercial development. Items a-d, listed earlier as components of RDC "grass-roots" planning, were articulated more precisely in the 1974 report than in reports from the previous period. However, they describe essentially the same activities stated in East-Man's 1970 report. In both periods evaluation of needs, research, and documentation supporting economic growth were at the heart of RDC activity. In addition, the majority of the projects in Table 4.3 still focused on commercial development and infrastructure. There is some evidence of one RDC (Parkland) venturing into parks planning, but Parkland's project represented the only departure from the conventional economic development mold.

While the 1974 RDC report demonstrated the commercial focus of their activity within the regions, the report was also vigorously advocating: (a) formal recognition as part of the province's planning structure, and (b) enhanced connections between provincial government and the various RDC Boards. The emphasis in the 1974 report was on institutional design and modification rather than the contributions of local residents. All the recommendations contained in the report put forward ways and means for RDCs, not residents, to become more influential. RDCs took for granted their suitability as a local organization, and the priority in 1974 was to enhance the RDC's place in the Provinces regional
development structure. The actions described by the RDC network in 1974, within
their regions and with the provincial government, corresponded to the
regional-national integration strategy outlined by Bryant and Preston.

3. The RDC-public relationship featured heavily in the 1974 MRDC report, but
close examination indicates that public participation was not as comprehensive as
suggested.

Participation, measured in terms of projects under RDC supervision, was well
documented in the 1974 report. Table 4.3 demonstrates that the RDCs assisted
many initiatives based on local needs. Although most were commercially-oriented,
the Parkland RDC was engaged in a project without immediate commercial
potential. The RDCs were helping local groups to participate in specific projects.
However, measured in other ways, RDCs were making marginal advances in local
participation.

Referring to Friedmann's (1981:14) comments in Chapter 2 of this thesis
concerning access to social power, the author argued that poverty involved lack
of access to resources (such as social organization, relevant information, and
financial means) vital for achieving an autonomous life. The author was arguing
that increasing the numbers of commercial projects, or numbers of residents
participating in commercial projects, was not a sufficient interpretation of local
participation. In Chapter Two of this thesis, stepping beyond economic analysis
and into enhancing local residents' access to, and abilities to use, resources such
as Friedmann described was presented as a significant trait of locally-based
Whether or not the local projects listed in the 1974 MRDC report led to the kind of participation described above is debateable. In the response to Question #2 under Discussion of the Second Period, RDC strategy was associated with Bryant and Preston's regional-national integration process. In their discussion of the three options for local action, Bryant and Preston had independently identified several of the same resources (local organization, improved information, financial resources), that Friedmann mentioned in his work. The authors were arguing that their process for enhancing a community's influence over commercial development would also enhance the community's access to "the bases of social power." Bryant and Preston believed that their process enhanced local participation with non-economic as well as economic aspects of local life. Given the intent underlying Bryant and Preston's strategy, one could argue that RDCs enhanced non-economic local participation to the degree that local projects stimulated the same process Bryant and Preston outlined.

Because the 1974 MRDC report did not dwell on the strategy guiding local participation, it is difficult to evaluate whether RDC activities were actually bringing local people closer to the resources Friedmann or Bryant and Preston discussed. In 1974 the RDC report stated that ultimately "a development plan will fail if it is not understood by the people of the region, and if it does not reflect the goals and objectives of the region's population" (MRDC, 1974:12). However, in a quote mentioned under Impact on the RDC, the authors described an RDC's connection to the public as one of "technicians" acting as
middle men between the public and government. When activities listed on Table 4.3 are reviewed, RDCs acted either as advocates for some local cause, or as advisors to some local group. In both cases the RDCs were behaving as a professional institution separate from, but supporting, their "members."

Describing local participation, the RDC's report states that they have involved local people through their respective Board of Directors, through standing committees, and through special task forces (MRDC, 1974:9). From the description of RDC structure given in Chapter 3 of this thesis it is clear that the Boards of Directors, and related committees, consist entirely of municipal representatives or appointees. The practice of allowing only shareholders onto the Board is standard corporate procedure and since municipalities pay the membership fee they constitute the shareholders.

In a representative democracy one can also argue that elected officials do constitute local participation since, in theory, each official is acting on behalf of their constituents' wishes. In addition, there also exists in democratic society a sense that only elected officials can be held accountable for use of tax monies, and RDCs are funded by a form of taxation.

Whatever the reasons are for elected representation, Harvey and Associates (1983:4) point out that confining participation to elected officials could preclude the meaningful involvement of groups and individuals that have a legitimate stake in development activities. A lengthy section of the Harvey and Associates report examined public accountability and municipal input in the RDCs. After
interviewing member councillors from several regions about their duty to the public the authors commented "they [the officials] had been elected to keep down taxes or to deal with 'municipal issues,' not to engage in speculative or less than tangible development ideas" (Harvey and Associates, 1984:29). The municipal representatives were interpreting their responsibility as conserving the status quo. In contrast, interviews with the general public revealed three things: most people did not know what corporations did, only a few associated the corporations with their communities, and most felt development was handled outside the community (Ibid. 35).

In their recommendations to Provincial Government, the RDC network also acknowledged the limits of their representation by stating that connections were required with a wider range of local groups. Limited access suggests that decision making surrounding RDC undertakings constituted local participation only to the degree that municipal representatives reflected citizen's wants and needs.

By accentuating the close link between rural communities and the RDCs, and the diverse nature of local projects, the corporations appear to have a broad interpretation of local participation. Despite this appearance, careful consideration of what the RDCs reported during this period indicates that the definition of local participation was - access to an RDC's Board by municipal representatives. Planning activities were limited to a small portion of the local population, therefore, the RDCs made only modest gains in terms on non-commercial local participation.
4.4. 1983/90: THE THIRD PERIOD

Unlike COMEF or Guidelines, the Pawley government did not sponsor any exhaustive statement on development policy. Instead, reaction to the Harvey and Associates report represents the third milestone in RDC evolution. During this last study period RDCs, and corresponding government agencies, are noted for returning to functional integration as the approach to rural development.

4.4.1. Events at the Provincial Level

One reason for not finding any comprehensive new plan for development was the continuing threat of recession. Like John Bracken in the 1930s, Premier Pawley was forced into a damage control position. Between 1981-88 protecting the province from recession became the government’s most pressing task. The NDP managed to soften the recession’s impact by restarting direct investment through projects such as the Limestone hydro electric site, and Winnipeg’s Core Area Initiative. The NDP also returned to the type of social priorities established by the Schreyer government, providing new legislation in family law, rent control and many other reforms. Gonick (1990:39) emphasizes that in order to meet new demands from 1981-88, public expenditures increased sixty percent. Table 4.2 also demonstrates that increasing expenditure coincided with carrying the largest debt of any provincial government over the previous 20 years. Tudiver (1990:306) adds that declining federal transfers account for some percentage of the province’s new expenditures, but between 1982-1985 the Province increased their deficit by $1.6 billion in order to fund job creation and economic stimulation. Expenditures
paid off in terms of employment. Manitoba maintained one of the lowest unemployment rates in the country during the 1980s (Gonick, 1990:38).

In 1988 a new Conservative government came into office led by Premier Filmon. The new Conservative government has been operating in a minority position, has not had much time in office and has announced an election for the fall of 1990. In general, there has not been much opportunity for change by Premier Filmon.

Regardless of the short time in office, the Conservative party found much of its support in the rural ridings, and has initiated changes in rural development (Winnipeg Free Press, March 18 1990). Research for this thesis began in August of 1989 and at that time there seemed to be activity surrounding the rationalizing of provincial departments dealing with the RDC network. The former Departments of; Business Development and Tourism (BDT), Municipal Planning, Water Services (formerly a part of Department of Agriculture), and several Conservation Districts (formerly part of Natural Resources), were compressed into a new Department of Rural Development (DRD). In addition, when asked in August whether the Government would be releasing new policy guidelines to accompany the DRD, Leo Prince (1989), Acting Director with DRD, commented that a document was in development. The re-organization and new policy document were indications that rural development planning was under way.

The most current development in rural affairs has been a sudden drive to decentralize government offices. In March 1990 the Premier announced that the Minister of Northern Affairs would oversee the movement of 692 government jobs
from Winnipeg to various rural offices (Winnipeg Free Press, March 18, 1990). This decentralization was presented as an effort to bolster rural economies as trans-national companies and federal agencies continued to pull out. Government decentralization also marks the end point of the three RDC study periods in this thesis.

4.4.2. Rural Development Strategy in the 1980s

While buffering the economy against recession became the government's principal task, and regional development slid to a lower priority, research for this thesis indicates that government departments were still refining the strategy for rural economic development.

In October 1984, John McGuire, then director of Regional and Community Planning within the BDT, wrote a response to the Harvey and Associates report entitled "Role of the Regional Development Corporations." In this response the problem facing RDCs is once again set out, but rather than being presented as a list of symptoms (rural-urban migration, farm closures, etc.) economic globalization is clearly identified for the first time in any document reviewed for this thesis. The author (Ibid. 3) identifies a constant drive to apply new technology as creating changes in social, political and economic institutions:

Generally speaking, the trends evolving out of these interactions have been towards greater specialization, scale, integration, and geographic concentrations of people and economic activity. A complex infrastructure has evolved dominated by large urban centres and complex linkages between these large urban centres. We see the shaping of the 'Global Village.'
Addressing the implications of globalization for rural areas, McGuire describes a process of rural ghetto-ization and alienation. A ghetto is defined as, "...a community which has been virtually spun-off from the mainstream of economic activity by a cycle of re-enforcing disinvestment and deterioration" (Ibid.4). In the ghetto-ized community, McGuire states that local businesses and amenities supporting business have been cut off from the surrounding business community.

Alienation is described as the outcome of having most workers specialize in production of components which are most often destined for distant markets and consuming products which came from distant markets (Ibid.4). "Concern about the impact of business decisions on the community tends to become less important relative to the demands of the (external) markets" (McGuire, 1984:4, original parenthesis).

McGuire's comments about globalization and business decisions based on external markets are remarkably similar to the functional integration process recognized by Weaver and Jessop. Both saw fragmentation of production processes eroding the autonomy and influence of small communities. McGuire's solution is, however, entirely different from Weaver and Jessop's, and more consistent with the strategy Harvey and Associates related to Provincial policies of 1963.

Many rural towns have been left with a handful of small businesses. However, the author does not see this as a problem if local development organizations form initiatives based on, "a wider appreciation of the national and international economy" (Ibid.5). The author sees a symbiotic relationship between small and
large business. The large firms incorporate large scale operation and the latest technologies. The small firms develop in niches created by the large firms. By referring to mega-projects of the past as a "manifestation" of the big business sector, McGuire infers that government spending has been substituting for large business in ghetto-ized regions. What the author suggests is that rural regions can also survive by expanding and strengthening the linkages between rural small businesses and exogenous large scale enterprises. To paraphrase, large exogenous industries can replace massive public projects.

To achieve the expansion and strengthening of linkages, McGuire described the Departments of Industry Trade and Technology (ITT), BDT, and RDCs acting in a coordinated process. ITT was to act as a window on the national and international economies. They could monitor change, encourage new exogenous business investment and promote trade. BDT was responsible for improving the quality and types of business activity in the province so that ITT could offer competitive conditions to the world. BDT's responsibilities included providing business education and consultation, improving networks between businesses and government, and providing means for groups to attempt new ventures (McGuire, 1984:6). The RDC's role was explained when McGuire applied recommendations from the Harvey and Associates report to the existing departmental structure. McGuire (1984:10) suggested that:

The RDC's be used as a principle (sic) vehicle for the BDT's community development initiatives but that there be substantial reform both of the RDC's and of the working relationships between the RDC's and the Manitoba Government.
McGuire's response to the Harvey and Associates report indicates that rural development agencies should have committed themselves to adapting rural communities for competition in a fully globalized economy. The justification for retaining RDCs in this effort is presented as this: if the Province maintains the position that regional development programs must promote a sense of responsibility amongst communities for aspects of development, "then any of the alternatives to the RDC model will lead necessarily to the formation of RDC-type organizations" (McGuire, 1984:2). McGuire believed that if RDCs did not already exist, then communities would create them.

In addition to McGuire's proposed development strategy, the creation of the DRD in 1989 has added another change to rural development. Precise motives for the change could not be uncovered, but Leo Prince (1990) did comment on one result of the changes: the creation of the DRD brings more rural-based departments under one Ministry and improves inter-departmental policy co-ordination. For example, when asked how rural communities can enforce development plans created by RDCs, Mr. Prince commented that a plan assisted by an RDC can be forwarded to the Minister of Rural Development for recognition as an Official Economic Development Strategy. After official recognition other departments are, as Mr. Prince said, "made aware" of the Strategy, and an effort is made to support the Strategy by co-ordinating provincial initiatives in the area and steering new opportunities to the appropriate regions. The government's sectoral divisions have not been altered (Industry trade and Technology, Agriculture, etc. still exist) but the Ministry of Rural Development has an obligation to keep other departments aware of the regional implications of their work.
The decentralization initiated by Premier Filmon constitutes a third event with implications for the RDCs. At the time Mr. Prince and Ms. Van Schie, interim manager for the East-Man RDC, were interviewed for this thesis no movement had occurred. The DRD has prepared an internal report describing what the Department hopes to achieve through regional offices but nothing has been confirmed. Ms. Van Schie also stated that the impact of decentralization is unclear at present. Both agreed that adding regional offices adds more complexity to the rural development system and the potential overlapping and duplication with RDCs has generated indignation.

4.4.3. The Impact on RDCs

In McGuire's paper the government and RDCs were joined by a partnership designed to accommodate the world market. The paper also described RDCs as a vehicle for delivering BDT initiatives. McGuire's paper was, however, written before the DRD was introduced. Before the current RDC-government relationship could be examined some indication of whether McGuire's strategy still applied had to be established.

When asked whether or not the ITT-BDT-RDC relationship described in the McGuire response was still applicable after introduction of the DRD, Mr. Prince's reply was elliptical. He did comment that McGuire's response was an out-dated report, but other comments suggest that the rural development system does follow McGuire's proposal. Similar to McGuire's strategy, ITT was still following trends at the national and international level and was pursuing new exogenous businesses. Unlike McGuire's strategy, because of amalgamation the DRD has a
broader mandate than the former BDT. The DRD now encompasses aspects of natural resource and agricultural policy along with promoting the enhancement of small business.

At the RDC level, when the interim manager for the East-Man RDC, Ms. Marie-Louise Van Schie (1990) was asked to define "development," she produced pages which were photocopied directly from the McGuire paper. Evidently, the RDC was still using McGuire's ideas to describe their objectives.

Given the examples from both provincial and RDC staff, McGuire's paper may miss some administrative modifications, but his strategy still appears to represent the provincial development strategy. Mr. Prince's comments about the DRD's continued activity in small business enhancement, and the photocopies provided by the East-Man RDC indicate that even with the DRD's creation, development strategy does correspond with the approach outlined by McGuire in 1984. Having established an outline of the Province's regional strategy, an examination of the East-Man RDC's role is possible.

The first indication of the ERDC's vision of development was found in their long range work plans. In ERDC's 1986-1990 Five Year Plan the objectives for development are described as follows:
1. To develop a minimum of four communities prepared to do community and economic development.
2. To increase involvement of the Eastman municipalities in economic development.
3. To encourage and assist in the establishment, retention and expansion of businesses in the Eastman region.
4. To prospect for local, national and international business investment opportunities for the Eastman region.

5. To develop a regional association of community business development groups.

6. To continue to work with the Provincial and Federal Government departments.

The six ERDC objectives cited above conform with McGuire's process for improving local business and strengthening linkages outside the region. While ITT, the DRD and RDCs divided international and provincial responsibilities in McGuire's model, the ERDC has gone a step farther and encompassed tasks from each level.

Another indication of following a McGuire-like strategy was found in interviews with DRD and RDC representatives. When Leo Prince was asked whether the Stay Option was still a priority, he cited the Atlantic Region's experience with policies supporting decentralized development as an example of costly and unsustainable strategy. When asked what development paradigm the Province was following Mr. Prince described how "splashing" money across every town was irrational and ineffective. Selective investment was described as "seed-money," and Mr. Prince commented that if, over the last decade, a handful of "regional centres" had been fostered throughout the province, there would be fewer development problems today.

When the East-Man RDC's Manager was asked questions about the Stay Option and the RDC's approach she commented that the RDC members would like to minimize the kind of specialization which follows consolidation. But, Ms. Van Schie conceded that building up regional vitality meant re-organization of
relationships between some towns was inevitable. Polarized development was something the RDCs supported between 1963-1973. Now, after a brief hiatus talk of polarized spatial growth has reappeared.

So far examination of the ERDC during the 1984-1990 period has focused on provincial strategy and the role for RDCs. Some consideration must also be given to the form of local participation during this period.

In the East-Man region local participation expanded beyond the municipal base discussed between 1973-83. The ERDC 1986 1990 Five Year Plan mentioned creating local organizations as part of the RDC's economic development strategy. Since local organizations were not mentioned in any previous reports, these organizations appear as a new level in the rural/regional development system. Later in the five year plan the ERDC expands the explanation of each of their objectives. In the explanation of objective #4 the RDC describes a role for local organizations much like what the RDCs, themselves, were doing in 1974. For example, the ERDC (1990a:3) wanted to encourage each local organization to:
- prepare a brochure highlighting their communities strengths, weaknesses, and opportunities;
- budget funds for their own promotional activities; and,
- establish and maintain relationships with the appropriate levels of government.

During the 1973-83 period the RDC network described amongst their functions within the regions: identifying the needs of the region, researching needs and opportunities, and documenting needs and opportunities. The functions in both periods are similar, however, in 1990 these functions were associated with local organizations, not the RDC.
In discussing objective #5 from the Five Year Plan, the RDC also adds that these local organizations need to develop their own regional association. Comparing what the ERDC describes as local activities in 1990 to activities presented in 1974 by the RDC network as part of an RDC's "grass-roots" planning highlights how many activities have been moved another step closer to the community. The East-Man RDC appears to have shifted from facilitating "grass-roots" initiatives to co-ordinating activities amongst a new level of community organization.

East-Man's 1990 One Year Work Plan provides other indications of a more indirect role for RDCs. The contents of the Work Plan are divided into two parts. The first part addresses RDC work with eleven individual communities. The second part addresses regional planning.

Table 4.4 contains a summation of the information pertaining to ERDC activities in the eleven communities. The projects proposed for each community during 1990 were often unique to each community, but several common projects were identified. The range of projects is represented by the titles associated with each column in Table 4.4.

Examining Table 4.4 demonstrates that most of the East-Man RDC's activity is focused on initiating a local economic development process in small communities (seen in the first five columns). Looking across the list of activities shows that the emphasis is still on commercial projects, but the last four categories indicate that some unconventional activities are also being pursued. Finally, beyond the first five categories there is no particular pattern to activities across the eleven
communities. The random pattern suggests that once the local organization is established the RDC is not imposing any priorities on the communities.

Table 4.4

Activities Aided by the ERDC, 1980

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<th>Community</th>
<th>Target Agency</th>
<th>Establish Local Organization</th>
<th>Local Development Analysis</th>
<th>Local Economic Dev. Strategy</th>
<th>Aid: City/Region</th>
<th>Assist Other Projects</th>
<th>Assist Industrial Park</th>
<th>Assist Tourism/Entertainment</th>
<th>Support Local Trade Show</th>
<th>Sponsor Local Trade Show</th>
<th>Exchange Local Business Starts</th>
<th>Assist Historical Preservation</th>
<th>Plan Infrastructure Repair</th>
<th>Assist Housing Rehabilitation</th>
<th>Assist New Business Startups</th>
<th>Assist Recyling Projects</th>
<th>Assist Operation of Farmers' Market</th>
<th>Promote Local Festivals</th>
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Based on information extracted from: ERDC, 1980a.
The new importance of local organizations indicates that the RDC has grown into a position between provincial government and local communities which resembles being a regional development service. The RDC is trying to facilitate economic development at the community level, but strives to remain apart from their decision making.

4.4.4. Discussion of the Third Period

In answering the three subsidiary questions, events during the 1983-1990 period indicate the following:
1. Rural development policies emphasized adapting rural communities to economic globalization.
2. Provincial strategy focused on strengthening the connection between international markets and rural communities, the ERDC continued to comply with provincial strategy.
3. Local participation in economic development expanded significantly, a few more examples of non-commercial projects appeared, and local control was enhanced in the manner Bryant and Preston outlined.

1. During the early 1980s regional/rural development was displaced as a government priority by the recession. No landmark rural policy statement appeared, but McGuire's response to the Harvey and Associates report indicates that rural development strategy was still being assessed. What McGuire outlined was the inevitability of economic globalization, and the gradual breakdown between rural communities and globalized economic activity. The process he outlined was similar to the functional integration process described by Weaver and Jessop. The strategy he presented emphasized business in small communities meeting demands created by large internationalized firms. McGuire was advising rural communities to think of outside firms as the engines for development, and that concentrating on the demands created by outside firms could expand
opportunities for rural commerce.

2. McGuire described a three tier system using ITT, BDT, and RDCs to re-establish linkages between rural communities and the international marketplace. The author's descriptions of what each level in the system should be achieving highlights his belief in a need for greater co-ordination between departments, and more awareness of what each part in the three tier system was doing. At the root of his refinements was support for functional integration. The acceptance of integrated development was found in McGuire's response to the Harvey and Associates report when the author described the trend to globalization. Subsequent discussion of what each tier in the system should do flowed from the acceptance of integration. McGuire was suggesting that rural development agencies stabilize rural communities with a strategy designed to link rural production with international markets.

An indication that the Province is presently supporting a rural development strategy equivalent to McGuire's came from Mr. Prince's references to: ineffective decentralized development strategy in the Maritimes, the need for "regional centres" in Manitoba, and his description of ITT, DRD, and RDCs carrying out the same tasks presented by McGuire. These comments recall the kind of hierarchial development discussed during the 1963-73 period.

At the regional level, the ERDC, was following a pattern which is best represented by Bryant and Preston's strategy. Ms. Van Schie's comments highlighted the RDC membership accepting as one of their responsibilities the
minimizing of unpleasant results from the inevitable re-alignment amongst rural communities. Information gleaned from the RDC’s work plans also highlighted a continued emphasis on commercial projects amongst local organizations. In addition, the objectives expressed in the ERDC’s five year plan mimic the process McGuire presented in 1984.

In accepting the responsibility for minimizing the impacts of the consolidation, and by adopting essentially the same objectives for local development strategy that McGuire presented for his three tiered system, the ERDC has adopted the same explanation of, and strategy for, rural development that the province supported. The RDC’s program did dovetail with the provincial framework.

The continued commercial focus of local activities also indicates that the East-Man RDC was depending on local development to branch out from the process of organizing local commercial resources. The process of organizing local groups corresponds with the local development process Bryant and Preston presented.

Bringing the Provincial and RDC strategies together, Provincial departments were providing the theories underlying rural development, and the RDC established a process for enhancing the commercial capacities of communities within the East-Man region.

3. There remains little evidence that increasing local commercial development abilities has led to the kind of participation described by Friedmann (1984), and associated with locally-based development in Chapter Two of this thesis. By
comparing projects listed by all the RDCs in 1974 and by East-Man in 1990, it was hoped that some indication of what form local participation was taking would be noticeable. This comparison revealed that during 1990 communities in East-Man were engaged in two projects that cannot be directly related to improving commerce: a recycling project and an historical preservation project. All the RDCs combined could list only one parks project in 1974. In terms of non-commercial undertakings, East-Man made a marginal advance in 1990. The preponderance of activity in East-Man still revolved around commercial activity. However, Table 4.4 also contains a great deal of activity surrounding the formation of local organizations. Only one local organization was listed by any RDC during 1974.

This crude examination indicates that local participation appears to be more important in the development process in 1990, and that more local residents have access to resources (local organization, information). But, while access to resources has gradually increased, effort remained focused on local economic development. The Local groups are generating new ways to enhance business or start new small enterprises, but, in 1990, there is little evidence of moving beyond economic priorities.

The East-Man RDC, and its local organizations, still appear to assume that a process geared towards enhancing the variety and quality of local business will somehow branch out into more comprehensive achievements. But the framework in which these local projects reside is defined by the Province, and is dedicated to adjusting rural regions to the international marketplace. The tension described
in Chapter Two between a senior government’s control over regional planning, and the objective of increased local autonomy in locally-based development now comes into play.

In Manitoba the tension has been entirely avoided because the rural development strategy has been based on a well integrated structure and long-range rural strategy has never been shifted to the local level. The DRD and RDC furnish the strategy, while local organizations have been provided enough latitude to select and implement the projects which achieve rural adjustment.

Over time government departments and the RDCs have tried to define roles for the various actors in economic development. Using the COMEF report’s lack of advice on organizational structure as the starting point demonstrates that roles were initially vague. In the 1963-1973 period it was shown that COMEF associated RDCs with everything from natural resource management to industrial recruitment. The COMEF vision and what the organizations actually did were not entirely compatible. Since that time roles have been refined. Descriptions and actual practices fall much closer together. For example, the East-Man RDC’s Five Year Work Plan described a process for establishing locally-based commercial development and their one year plan provides proof of following the process. While expectations and reality concerning the responsibilities of each institution are coming closer together, local participation in development is not necessarily being increased.

In the 1974 report, the RDCs were advocating a larger role in the province’s
regional development system. In 1990 the ERDC appears to have achieved greater regional status. The 1974 report listed a series of different projects which various RDCs had assisted. At that time the authors were trying to show government that RDCs were intimately involved in community activities. In 1990 the East-Man RDC was describing distance between themselves and groups responsible for planning and implementing local projects.

Local organizations were undertaking many of the tasks associated with the RDCs in 1974. The ERDC had shifted more responsibility to local organizations, and presented their role as co-ordinator for community projects throughout the region. In as much as the RDC had managed to refine their role as a regional organization, and provided local organizations with more ability to undertake small scale projects, the RDC has enhanced local participation in development.

In 1990 RDCs remain non-governmental and are technically entitled to independent action, but one must wonder about how limited RDCs have actually become. In describing the structure of RDCs at the beginning of Chapter 3, the re-organization of the Parkland RDC was mentioned as a significant event. Amongst the changes to Parkland the Board of directors was eliminated and managers were linked directly back to the DRD. How non-governmental is this new form of RDC? Unfortunately the Parkland event is too current for effects to surface.

Another indication of the RDC's confused non-governmental status came when Leo Prince was asked about how RDC effectiveness and accountability is assessed. He
mentioned that criteria are presently very loose. Unlike some other development organizations (for example, the federal Community Futures Program) RDCs do not track quantitative measures of "success" or "efficiency" such as numbers of jobs created or dollars spent to create a given number of jobs. Instead, funding to the RDCs is only conditional upon following basic management/book-keeping practices.

Mr. Prince indicated that some problems have arisen with the present funding approach. One problem was that RDCs tend to favour municipalities that are paying members. For example, RDC sponsored maps of the East-Man region do not include non-member towns. In contrast, Mr. Prince pointed out that the province is obliged to represent everybody in the region and is placed in an unfavourable position by having RDC funding used selectively. One solution Mr. Prince was exploring comes from an American model called "The Star City Program" (Minnesota Star City Program, 1989). The "Star City" program outlines an entire local development process, and this program's funding is made available as development organizations comply with program's guidelines. Following this model of conditional funding means the local organization is little more than a branch office.

The RDC-Government relationship is already very close. The Parkland changes and dilemma over funding and accountability criteria are indications that in future the two may continue to merge. As the two levels jell the entire regional planning system comes closer to one government-based development approach.
From Provincial departments down to the local organizations, fairly well defined functions have now fallen into place. However, the DRD, and its predecessors, have outlined whatever long-term development strategy there is supporting the RDCs. Local roles have been established by handing down some strategic planning functions, but a gap still exists between the communities and the people defining the overall strategy.

4.5. SUMMARY

In Chapter Three the evolution of Manitoba's RDCs was divided into three discrete periods. An effort was made to highlight significant events which occurred during each period at provincial and regional levels. The responses from the East-Man RDC, or other RDCs, to events in each period were also assessed. Given the description of significant events and RDC responses, answers to the three subsidiary questions were formulated. Those questions were:

1. What priorities or objectives were emphasized in provincial development policy?
2. What strategies were used to achieve rural development?
3. What role has been established for locally-based participation?

At the Provincial level three distinct development strategies were introduced between 1963-1990:
1. a strategy based on growth pole concepts;
2. the "Stay Option" emphasizing social priorities and local participation in development;
Despite the appearance of three unique approaches to development, during all three periods the Province has focused on economic priorities. The Roblin government presented industrialization and job creation as their objectives. The Manitoba Development Fund, and COMEF report both supported large industry as the catalysts for growth. In 1973 the NDP government’s Guidelines for the Seventies appeared to break from growth centre-type strategy, and spatial concentration was no longer looked upon favourably. But, that party never displaced private enterprise from its catalytic role in the province’s economy, and would not venture into any radical budgetary practices in order to achieve reforms. The NDP simply expanded the scope of public expenditures established by Roblin. By 1984 McGuire’s vision for rural development emphasized revitalizing regional economies by strengthening linkages to international markets.

Throughout the three periods the province’s regional policies were based on the belief that laissez-faire economic principles were sufficient for directing rural development. But, between 1963-1990 rural regions were always targeted for some type of effort to attract economic activity. The Provincial government has never gone to the lengths Courchene proposed for supporting maximum performance of the marketplace. Hence, the government was willing to intervene in order to influence where economic activity took place.

At the regional level, RDC reports corresponding to each study period indicated that East-Man, and the other RDCs, consistently followed two principles in their strategy. First, RDC activity would compliment provincial strategy. Second, activities related to rural development were designed to enhance local capacity to
cope with economic change. The RDC strategy was structured such that the Provincial government has always determined what the long term objective for rural development would be. The local component in RDC strategy has only taken shape slowly.

Over the course of time roles for each actor in the development system (government departments, RDCs, local organizations) have become better defined. What also becomes more apparent as roles are described in more detail is that the distance between some RDCs and the Department of Rural Development is disappearing. The Parkland RDC has become directly connected to the DRD. The DRD's consideration of development programs such as the "Star City" program also indicated that government agencies are pulling RDCs farther under provincial influence.

While some RDCs and the DRD have been melding, local participation in East-Man has taken on greater proportions over time. In 1970 the ERDC described a purely technical exercise used to establish an image of optimal spatial development in the region. In 1974 the RDC network emphasized the "grass-roots" focus of all their activities. While local participation was limited to municipal representation, the RDCs recognized the need to broaden the sources from which participation was drawn in their list of recommendations. By 1990, the ERDC provided ample proof of stepping back from the selection and implementation of individual projects. Local organizations were undertaking many of the tasks previously managed by the RDC.
There was little evidence from the first period of any community-level planning. With the introduction of Guidelines for the Seventies, the RDC network displayed local participation more prominently, but the definition of "local participation" was limited to participation in RDC affairs by municipal representatives. During the third period the East-Man RDC handed more development responsibilities to local organizations.

The image of locally-based rural development which emerges from this chapter is of local organizations enhancing their ability to undertake initiatives which bring rural communities closer to the objectives that the Province has defined.
5. SUMMARY AND LESSONS FOR LOCALLY-BASED RURAL DEVELOPMENT

5.1. SUMMARY AND CONCLUSION

In the introduction to this thesis the marginalization of rural communities resulting from global economic restructuring was identified as a problem. The intention was to contribute to knowledge concerning what can be done to mitigate the impact of decline in rural communities by analyzing locally-based participation in Manitoban rural development. Many institutions have contributed something to rural development, but the scope of this thesis was limited to the relationship between provincial government and RDCs. The research followed four steps, each corresponding to a chapter. In Chapter 2 several theories of development were examined. The examination demonstrated that each theory interpreted development in a different way. Three of the theories addressed development in large geographic regions, and these were referred to as Macro-economic Development Theories. One pair, growth pole/centre theories, were associated with using public expenditures as a means for inducing growth in specific locations. The third, Adjustment Theory, advocated minimizing government interference with market forces.

Three additional theories, intended for development within smaller units of space, were referred to as Locally-based Development Theories. Within this category one theory supported adapting to the free market, one supported selective closure from national or international markets, and one advocated finding alternative
means for production and exchange in order to reduce dependence on laissez-faire markets.

Of all the theories, three advocated preserving the free market while two sought to alter community and regional linkages to laissez-faire markets. Each however, prescribed different actions for achieving development. Different interpretations of the best course of action were highlighted in order to emphasize how policies based on any theory would rest on a particular set of assumptions, or values. The differences that exist amongst the various theories also highlighted the potential for some tension between theories applied at the provincial or national level, and theories applied at the local level. Each theory implied that some measure of control should rest within a given level. Any compromise at one level would reduce the related group's influence, and, therefore, some struggle regarding how control over regional policy will be distributed was identified as a likely problem.

Having recognized that policies and theories carry value assumptions, and that a balance between provincial and local control would become an important consideration, three subsidiary questions were presented. The three subsidiary questions were intended to disclose the following: (a) the values emphasized in rural development policies at any given time, (b) how policies were implemented at provincial and regional levels, and (c) what form local participation took within the given policy and implementation environment.

The third chapter contained a history of Manitoba's rural/regional development,
concentrating on the periods from approximately 1918-1935 and from 1958-1963.

This history was intended to illustrate three things:
1. events which occurred prior to the introduction of RDCs, and how well entrenched the laissez-faire values underlying development policy were when RDCs did appear;
2. that symptoms of rural decline were apparent long before the COMEF or RDCs mentioned them;
3. that Manitoba has a record of local participation in rural affairs predating the RDCs themselves.

By 1922 the UFM were established as an attempt to insert rural influence into the provincial legislature. The UFM intended to make the provincial government into a pipeline from rural constituents to the means for creating change. However, once in office the UFM quickly diminished the preference given to farm concerns. To develop the province, Bracken's government determined that economic diversification was necessary. Bracken also stressed the supremacy of the laissez-faire system and private enterprise in economic diversification. Once diversification was established as the objective, and private enterprise was given the right of way, the government had limited the preference that could be granted to rural interests. The Premier's statement that market forces would solve the farm debt crisis of the 1930s, and the tax increases used to maintain balanced budgets while depression eroded the provincial economy, also illustrated the Premiers resistance to intervening on behalf of specific groups or communities.

While the rural residents' link to provincial government was diminished, industry was receiving greater consideration. Examples of pulp and paper, mining, and hydro-electric development demonstrated that Bracken was willing to sacrifice public control in order to accommodate private investments. The events in each
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project also demonstrated that the government was willing to influence where activity took place, but not how it was to take shape. While the UFM had come to power as a locally-based organization, as a government they assumed all control of development strategy, and re-enforced the concept that government should minimize its interference in the marketplace.

When Duff Roblin and the Conservatives formed a government in 1958, the party criticised their predecessor’s frugal approach to stimulating growth. While belittling fiscal restraint, Conservatives adopted similar laissez-faire values in their new development policy. The scope of public expenditures was all the new Conservative strategy changed. COMEF made it clear that private enterprise would remain the cornerstone for economic expansion. A brief description of the Manitoba Development Fund’s activities demonstrated that the concessions government was willing to make to support industry had been extended significantly.

The events highlighted in Chapter 3 indicate that by the time COMEF introduced locally-based regional organizations, laissez-faire economics and the central role for private investors were already well entrenched in development policy.

Chapter four involved the examination of RDC evolution within the context of the provincial government’s development efforts. Significant political events and regional policies from each period were introduced. The response from RDCs to events at the Provincial level were outlined, and answers to each of the subsidiary questions were formulated for the three periods.
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When RDCs were presented in the COMEF report they were envisioned undertaking planning activities ranging from resource management to improving communication between community groups. However, the report was unclear on how non-economic aspects of development were to be achieved, and unclear on what "local participation" entailed.

Since the COMEF report's introduction, rural development in Manitoba has evolved into a multi-tiered system consisting of several provincial agencies and regional organizations. But, material in this thesis indicates that since at least the 1920s the Province has maintained the balance of control. Reports from the ERDC and provincial government, as well as one report from the RDC network, all exhibited two traits:
1. RDCs always conformed to the Province's regional development strategy;
2. while various strategies were applied at the local level, all have channelled local participation into economic expansion.

Because the two traits identified above have been present in the RDCs throughout the three study periods, this author concludes that the RDC's primary contribution to locally-based rural development has been enhancing the ability of local businesses to participate in the provincial marketplace.

5.2. LESSONS FOR LOCALLY-BASED DEVELOPMENT

The first lesson which can be extended from this study is that any advance towards local participation in regional development will take shape over a lengthy period of time. Advances made by the ERDC have developed over a twenty-two
To consider lessons flowing from the advances made by the ERDC, the definition of "rural development" presented in Chapter 2 is recalled: "a process which allows rural residents to become more proficient in evaluating what they can do to improve the quality of their lives."

The ERDC has satisfied this definition in so far as they have provided more resources with which local residents can act on events effecting their lives. The ERDC have gradually improved local animation, access to information, and contact with markets. Hence, ERDC evolution has brought local residents closer to several "bases of social power," as Friedmann called them.

The evolution of RDCs has also provided rural residents with a channel of communication to provincial government. In 1974 the RDC network recommended that the Corporations receive more recognition as the legitimate regional voice of rural Manitoba. In 1990 the ERDC has employed local organizations to deal with individual initiatives, and has re-enforced its position as a regional co-ordinator. The ERDC is evolving in accord with the vision presented by the RDC network.

Despite the achievements in improving adaptive skills and communication, local development observers should look upon the RDC study as an opportunity to assess where such a strategy is ultimately headed. For example, the RDC experience indicates that too close a relationship between government and non-governmental organizations can limit locally-based action. Throughout the three
study periods the Provincial Government maintained their dominion over long range planning. Premier Schreyer’s 1974 letter to the Central Plains RDC made it clear that the RDCs were looked upon only as a source of feedback in the Province’s process for establishing rural strategy. In 1984, McGuire justified maintaining the RDCs by stating that if they did not exist, communities would create similar institutions. In 1990 Mr. Prince pointed out that communities within an RDC can present official economic development strategy to the Province. But, Mr. Prince’s comments also indicated that these official strategies held no force within the province. Departments were simply to keep them in mind while preceding along their own agendas.

A second example of the connection between RDC and government limiting local action is that in 1989 the Parkland RDC became answerable directly to the DRD. The changes in Parkland mean that development planning is coming directly out of government agencies rather than a locally-based organization. A third example is that the DRD is considering RDC funding linked to following a particular development strategy. Such an eventuality would also shift control of development planning from the local level back into government departments.

The RDC study indicates that locally-based organizations need to monitor the degree to which they act as agents for senior government strategy. By beginning the development process with the assumption that local organizations must defer to provincial policies, local control is already limited. There is no avoiding the fact that provincial governments assume control over many factors that a locally-based organization must deal with: some relationship is necessary. But, the
RDC experience demonstrates that at some point the "locally-based" aspect of development comes into question.

In the near future the RDCs will continue to be a good subject for locally-based organizations to observe. The decentralization of government offices initiated by Premier Filmon will provide a new opportunity to observe how much influence the RDCs have in the formation of provincial policy. Mr. Prince and Ms. van Schie both stated that in the summer of 1990 no decision had been made concerning what role DRD branch offices would have in rural development. Ms. van Schie also commented that decentralization has generated concern over the possibility of over-lapping or usurping the RDC's role.

Decentralization has disturbed the distribution of influence which has taken shape since the 1960s. The alteration was presented abruptly and has the potential to take more influence back to the provincial level. Observing the negotiations which will take place amongst RDCs, rural residents, and the government concerning DRD branch offices would provide another indication of how seriously rural opinions are considered by the government. Observing the negotiations and the final outcome would also demonstrate whether rural opinion actually has an impact on the formation of these offices and, therefore, on rural development policy.

Limited influence for rural communities in the formation of development policy indicates that ERDC has not achieved as much as Weaver and Jessop or Ross and Usher considered possible in local development. Weaver and Jessop
emphasized the importance of regions having enough control over development policy to determine whether or not integrating with the international economy was in their own best interest. Ross and Usher wanted residents to develop capacities which reduced the need to depend on laissez-faire markets. What all these writers were stressing was that "development" included having communities or regions) independently assessing the values associated with a range of possible policies, and determining which should be supported by each community (or region). The RDC experience demonstrates that people interested in locally-based development should concentrate not only the ability to be adaptive, but also their influence in the formation and implementation of development policies.

The last and perhaps most important lesson arising from the RDC experience flows from the idea that local groups must concentrate on influencing development policy. It is important for people to consider that sustaining linkages with an internationalized economy and preserving characteristics associated with rural life are incompatible. The development process examined in Manitoba is oriented more towards adaptation than preservation. The prospect of increasing local participation in building a community's economic strength has appeal, but local development specialists are again advised to examine where such a strategy is headed. There is a temptation to believe that once rural organizations have greater adaptive skills they will be in a better position to address issues such as preserving the rural character of communities. The unique qualities associated with rural life may be difficult to maintain if efforts to enhance a rural area's competitive position in national or international markets become the principal objective for local development.
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APPENDIX I:
EXAMINATION OF THE FUNCTIONAL INDEX

No details of the method used for quantitative analysis are found in the East-Man report. However, footnotes spread throughout the report provide simple descriptions of the research. For example, "growth centres are identified by the application of the Gravity Model Technique. This method involved consideration of the following information about each centre: population, characteristics, locational potential, centrality index and the economic growth characteristics of the industries" (EMRDC, 1970:7). Exactly what any of these terms might contain and how the information was used is not defined.

The authors referred to a centrality index in the quote above. The quotation on page 81 (in the body of this thesis) refers to a functional index. Whether the two indices are equivalent is not clear. If the terms are different their relationship in growth centre analysis is also unclear.

In a footnote associated with the quotation on page 81 the authors state that a central place can be measured by its centrality index, "based on its degree of service function to its umland (sic) and hence a measure of interdependency with the surrounding area which supports it" (EMRDC, 1970:18). Once the number of "functions" in a series of locales has been determined, the authors assert that a hierarchy of central places can be derived.

The only description associated with the functional index is provided in the quote on page 81: "The functional index for each settlement was determined on the
basis of the calculated locational co-efficient for each settlement."

A more informative definition of a functional index, and its usefulness, is provided by Sarbet and Greer-Wootten (1980:172). This supplementary definition sheds more light on what the EMRDC staff might have been looking at.

In their 1980 monograph, Sarbet and Greer-Wootten described their own central place analysis of the southeastern portion of Manitoba. As part of the work the authors explain that a common measure used to derive a central place hierarchy was Davies' (1967) functional index. This same method was also adopted in the Provincial Government's regional analysis program (1974). The index was calculated using the following formula:

\[
F_j = \sum_{j=1}^{n} \frac{t_j}{t_j} \times 100
\]

Where:

- \( t_j \) is the total number of establishments of service type \( j \) in the region,
- \( t_i \) is the number of establishments of service type \( j \) in a particular location,
- \( n \) is the total number of different services in the analysis.

The authors identified 144 service types in their research. The main source of information for identifying the numbers and types of services was the Dun and Bradstreet reference directories, and outlets listed in these
directories were organized according to the American Standard Industrial Classification four-digit codes.

The calculation was carried out for each place; by each service. The values for each place were then summed and this total represented the functional index. The authors clearly state that this index is synonymous with a centrality index, and that the value stands as a surrogate measure of importance in defining hierarchies. Therefore, each location's centrality (Fi) represented the economic importance of that place relative to the region surrounding it.

Reviewing the data created by a Sarbet and Greer-Wootten type formula, an analyst would gain some indication of the number of services provided in each location, the variety amongst these services, and the numbers of locations in a region of similar composition. Assuming that "umland" refers to surrounding area or region, and given the Sarbet and Greer-Wootten explanation, it appears that the EMRDC centrality index achieves the same result as a functional index. However, without information comparable in detail to Sarbet and Greer-Wootten's explanation, precise differences between the EMRDC's two indices remain unclear.