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Tamara Krawchenko

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Bringing Municipalities into Rural Community and Economic Development: Cases from Atlantic Canada

Tamara Krawchenko

Mount Saint Vincent University

Halifax, Nova Scotia, Canada

tkrawche@gmail.com

Abstract

In rural development literature, subsidiarity and the merits of local community participation are increasingly extolled. Targeted, nationally-derived sectoral (e.g., agricultural) policies and subsidies are increasingly rejected for a more inclusive, place-based, partnership-driven, community-led, and investment-oriented approach to rural development. This shift can be seen across OECD countries and has been lauded by the organization as ‘a new paradigm for rural development.’ As such, rural development is conceptualized as a process that emanates from the local level, involving a variety of stakeholders in decision making, such that policy development is viewed as more participatory, reflective *of* and responsive *to* community needs. Given this, what role (and capacity) might there be for municipalities to meaningfully engage in rural development activities? This paper examines this question through a case study of two rural Atlantic Canadian communities. In doing so, it finds that these two rural municipalities are institutionally constrained from engaging in rural development initiatives and that provincial and federal funders are focused on *economic*, rather than community, development. It is argued that municipal capacity needs to be greatly enhanced through institutionalized mechanisms in order for them to become meaningful partners in the development process.

Keywords: Atlantic Canada; rural municipalities; new regionalism; community economic development; endogenous development

1.0 Introduction

Rural communities in Atlantic Canada find themselves in the midst of tremendous change. Daily headlines decry shrinking and aging populations, the decline of traditional industries, fiscal constraints brought on by a smaller tax base and a subsequent ‘rationalization’ of services. Communities in this part of Canada have long been the objects of development policies—many of them federally led (Savoie, 2000). But over the past decade, such comprehensive industrial and sectoral policies have fallen out of favour and have been replaced by more place-based policy and strategies—*community* economic development policy has come to be part of economic development policy. Such strategies include “participatory democracy; partnership working; ownership of policy by local people; bottom-up policy building; subsidiarity; network building; community capacity building; promoting and training new leaders; a consideration of process as well as product; and innovative evaluation methods” (Hodgett & Royle, 2003, p. 316). As such, endogenous approaches to development (where development is to be led from within communities) are increasingly advocated over exogenous forms (of either the state-led technocratic or the market-led varieties).

While the development landscape has changed, so too has its governance. Local actors and communities are expected to be a major impetus for development. As such, the scale of governance has shifted—from nationally and provincially derived policy towards community driven policy where there are a wider array of actors involved. As the literature on the political economy of scale reminds us, understanding the changing nature of power relations is critical within this transformation (Brenner, 1998; Brenner et al., 2008; Peck, 2002; Swyngedouw, 1997; Smith, 1993). If development is going to entail community-driven, bottom-up approaches, then we need to understand this landscape and how it works; understanding community *capacity* is critical. This paper focuses on the community level. Specifically, it examines the role of rural municipalities in community economic development (CED) practices. It does so through case studies of municipal involvement in CED in two rural towns: (a) Montague, Prince Edward Island and (b) Marystown, Newfoundland.

Although there is a host of literature examining community capacity within rural community and economic development, there is far less that pays attention to the specific role of municipalities within this field, and even less Canadian cases (Douglas, 2005). Canadian municipalities are, constitutionally, the purview of the provinces. While the scope and function of rural municipalities vary greatly, they have a particular role to play within the spatial planning of rural areas. As actors in community economic development, they can link such activities to a spatial logic. When empowered, they can perform a critical planning function. As this paper will show, the roles and responsibilities of rural municipalities are constrained by their legislation and related to this, their capacity. While community-driven development is an oft-stated objective of upper order governments, municipalities have not been empowered to act meaningfully as a partner in this regard. Limited funding, size and legislative constraints on their roles and responsibilities encumber them. As a result, rural municipalities have a limited capacity to act and as a consequence, community economic development practices suffer from a lack of spatial planning. If locally driven community economic development is to truly succeed, this disconnect needs to be remedied. Doing so will require legislative, cultural and organizational changes.

This paper is organized in four parts. First, the research study methods and theoretical framework are outlined. Second, trends in rural development literature are examined with particular attention paid to endogenous forms of development and the role of municipalities within. Third, the two rural communities case studies of Montague, Prince Edward Island (PEI), and Marystown, Newfoundland and Labrador (NFL) are presented along with major findings. Finally, conclusions, policy implications, study limitations and recommendations for further study are discussed.

2.0 Research Methods and Theoretical Framework

This research is grounded in a historical institutionalist (HI) approach wherein actions are understood as being structured through institutional resources that constrain and shape behaviour and outcomes (Mahoney & Thelen, 2010; March & Olsen, 1989, 1995, 2006; Steinmo & Thelen, 1992; Steinmo, 2001; Thelen, 1999, 2000, 2002, 2003). This approach stresses that institutional rules and practices inform and guide actor behavior, while ‘structures of meaning’ or common purposes “explain, justify and legitimate behavioural codes” (March & Olsen, 2006, p. 3). Actions are further structured through institutional resources where only certain actions are feasible given institutional constraints. Institutions themselves can

“empower and constrain actors differently and make them more or less capable of acting according to prescriptive rules of appropriateness” – in this way there is an element of institutional socialization (March & Olsen, 2006, p. 3). An HI approach stresses that institutions are ‘sticky’ and where change does occur, it does so within existing institutional contexts. While HI is used as a framework or lens through which to understand the role of rural municipalities within community and economic development, it is not an explanatory theory as such. Three propositions related to HI are stressed in this research: (a) the role of institutional and regulatory frameworks as *structuring* responses to socioeconomic change (wherein influential norms, ideas and values are culturally embedded); (b) the importance of socioeconomic and cultural context to understanding actor behaviour and outcomes; and (c) historical analysis of policies and institutions with a focus on their origin and development, and the relationship between policy and behaviour. HI contributes to a depth of understanding and context-specific analysis. It offers a bridge between actor-centric and state-centric interpretations. This is important, as the research project is structured through a multi-scaled frame. Both mediating institutions and historical trajectories shape how communities engage in development initiatives.

This research is structured as a *place-based case study analysis* of two rural communities. These communities have been chosen based on such variables as population change and density, industry composition, and geography. Case selection proceeded in three steps using Census data. The first two steps filtered out specific characteristics/variables at two levels of geography, larger Census Districts (CDs) and smaller Census Subdivisions (CSDs). In the final step, the list of ‘filtered’ communities was examined for such issues as proximity to larger centers, industry composition and local organization to determine the final selection. The primary rationale for this process was to reduce bias in case selection. The two selected communities differ in their size; Montague, Prince Edward Island has a population of 693 while Marystown, Newfoundland has a population of 5,436. However, relative to the overall population of each respective province they are comparable, and importantly, both act as regional service and employment hubs in their respective locales.

The case studies draw on: (a) a review of regional and community economic development theory and literature; (b) analysis of primary and secondary documents¹, (c) data analysis of socioeconomic and demographic indicators; (d) and 23 key informant interviews with community leaders, government officials (federal, provincial and municipal), community-based organizations, business owners and academics in the field.² Eleven interviews were conducted for the PEI case study and twelve for the Newfoundland case study.³ Participants were selected in three ways: (a) an initial web based search for key contacts was conducted; (b) these interviewees were then asked to recommend further interviewees based on their

¹These included policy documents from key development organisations and agencies (e.g., departments of rural development and the Atlantic Canada Opportunities agency); an online media review of local newspapers in order to gauge local development issues; and relevant acts and regulations.

²This component of the research entailed descriptive statistics for each community (population demographics, industry composition and labour market information) based on the 2006 Census. The Census was used over Statistics Canada’s Labour Force Survey because of its greater reliability for smaller jurisdictions.

³This study is part of a larger project completed over the course of 2012/13 in collaboration with Dr. Marguerite Cassin of Dalhousie University, Halifax, Nova Scotia. The full research project entailed 63 interviews across four case studies in total—one in each Atlantic Canadian Province. The project was funded by the Atlantic Canada Opportunities Agency with contributions by Dalhousie University.

knowledge of the field; (c) and finally, as the interviews progressed, key organizations and people mentioned in interviews were approached for follow up interviews. The interviews were semi-structured and approximately one hour in length. All interviews were conducted in person and were recorded and transcribed. Together, the various forms of evidence have been used to ‘map’ the major community and economic development actors in each locale and outline their development strategies and interactions with each other. In each case study, a narrative was constructed using the multiple sources of data. For each, a recent specific CED initiative is highlighted to draw out implications in practice.

3.0 ‘Placing’ Community at the Forefront of Economic Development—from Theory to Practice

The puzzle of Atlantic Canada’s ‘underdevelopment’ has long been a focus of government policy. This part of Canada has seen slower economic growth and lower rates of productivity—a fact that many would point out has much to do with historical trajectories and federal policy that has favored central Canada (Slumkoski, 2011, p. 14; Savoie, 2000; 2006). To this end, a range of exogenous and endogenous development approaches have been tried and tested over the decades. Exogenous models focus on either bringing in the institutional factors required to create market based opportunities (referred to as a state-led technocratic approach) or on viewing growth as being led by dynamic centers to the exclusion of peripheral locales wherein a market-led (neoliberal) policy agenda is prescribed. Both of these exogenous takes on underdevelopment view the basic problem as a shortage of private sector investment in lieu of community assets and attributes. Thus, supportive policies aim at lowering the cost of investment and supporting the labour market (in terms of competitive wages, supply and skill set). Alternately, endogenous models of development propose that robust and long-term growth be led from within the communities (Ray, 1999).

Community economic development models (CED) stem from an endogenous view and are based on the premise that “genuine development is generated in a bottom up fashion, fuelled by the organization and mobilization of local communities” (Johnson et al., 2007, p. 48). In this manner, “concepts and methodologies to assess and manage rural change have shifted from technological, managerial and centralized approaches to more constructionist, participatory and decentralized perspectives of rural change” (Ellis & Biggs, 2001). There are variants within CED—e.g., those who view economic success as a requirement for social well being, in contrast to those who place poverty reduction and social exclusion as their focal point. But taken as a whole, enhanced collaboration between multiple actors, including those at the community and local level, are lauded. At its base is a fundamental rethinking of the purposes, scope and organization of development. Community economic development practitioners argue that top-down development approaches “range from being weak to being outright failures since the policies and programs have not emerged out of the very fabric of the affected region” (Johnson et al., 2007, p. 28). While socioeconomic interventions are seen as necessary, it is argued that success requires the transformation of fundamental relations of power within a community, which is no small feat. Long the ‘object’ of interventions, community actors find themselves partners in development initiatives. Increasingly, economic reforms are targeted at the local level to “engage in participative, grassroots decision making and promotion of local economic initiatives tied to local

expertise, strengths, capabilities and energy” (Johnson et al., 2007). However, there is some cause for skepticism where subsidiarity and partnerships are used as a means to reduce formal supports.

For CED approaches, the “relevant agents of development” are community actors and those that support them (e.g., funding agencies and departments). However, community actors need to be disaggregated to really understand this process, including the models of development, the nature of local partnerships and power relations within. The community scale is often presupposed to be democratic, openly engaged and cohesive around its interests. But this is not necessarily the case. It is a patchwork of people and public/private and non-profit organizations with often conflicted and competing interests—a phenomenon that has been widely recognized in the literature on community development (Deweese et al., 2003; Callanan, 2005). Development projects thus need to negotiate this space and its attendant power relations. This paper focuses on the role of rural municipalities within community and economic development. While there is a great deal of literature on community actors in CED, the role of rural municipalities within this process is understudied, particularly in Canada (Douglas, 2005). Unlike unitary states, where local governments may be major service providers and administrators, local government in Canada (as a federal state) tends to have far fewer functions. For example, in their review of eight major cities in Canada, Stewart and Smith (2007, p. 265) argue that municipalities exhibit “immature policy analysis” – that is, they have limited capacity and “an antiquated approach to local governing”. This is particularly the case for rural municipalities, which tend to be extremely small, with part time councils and administration and limited functions.

The role of municipalities differs by scale (town, county, and city) and by province. In some provinces, their roles have been expanded to include social service functions (e.g., Ontario). The two case studies of rural municipalities under consideration are both classed as ‘Towns’ under their respective Municipal Acts, which allots them certain functions. In PEI, municipal powers include community or regional development, tourism development and promotion and community development projects (Municipalities Act, RSPEI 1988, c M-13). In Newfoundland, the Municipalities Act does not include any language around community development per se. However it does state that a council can encourage “economic development” with the proviso that economic development is narrowly defined as “the continuation, expansion or establishment of a business or industry” (Municipalities Act 1999, p. 203.2). While this gives some indication of the scope of duties, the policy instruments at a Town’s disposal are limited and include: property and business regulation and standards, by-laws and land use zoning and limited forms of taxation and levies. Towns may also enter into collaborative agreements and partnerships with other towns and organizations—something that is increasingly being seen across Atlantic Canada. In all of these functions, the respective provincial governments have a heavy hand and can overrule municipal form and function. Community economic development practices and notions of devolved authority and subsidiarity are little reflected in municipal legislation at present.

The federal government also plays an important role. While early federal development initiatives in the Atlantic provinces prioritized exogenous models of development, there has been a shift over time toward a more endogenous approach. From the 1990s onwards, accordingly, there has been recognition of the importance of social and human capital to development, and agencies like the Atlantic Canada

Opportunities Agency (ACOA) have been instrumental in supporting local businesses including social enterprises. In 1999, the federal department of Human Resources and Skills Development Canada (HRSDC) released *The Community Development Handbook: A Tool to Develop Community Capacity*, which exemplifies this approach. While the federal government has long been a major presence in rural development in the province, of late, there is some retrenchment. ACOA faces an \$18 million budget reduction over three years and is reorganizing its programs (CBC News, 2012). It has eliminated funding for Regional Economic Development Organizations (REDOs) across Atlantic Canada, which played a major role in community capacity development and will now take a more direct role in engaging with groups for funding (ACOA, 2009, p. ii).⁴ This changes the funding landscape (and institutional support) for community groups. ACOA's (2013, p. 23) most recent report on plans and priorities (2013-14) states that the agency will, through its community development funding mechanisms, "place greater emphasis on strategic investments to improve the productivity and competitiveness of Atlantic SMEs and the communities in which they operate". ACOA is placing an increasing focus on business development and, in coordination with Infrastructure Canada, on infrastructure investment.⁵ This is a shift from some of its previous activities including funding for social enterprise. The emphasis of this funding matters greatly where community groups are asked to match funds from other levels of government for projects. In effect, the parameters and priorities that ACOA sets, has major implications for group access to provincial funds as well. The renewed focus on infrastructure investments is particularly important for towns and municipalities to take advantage of. This is the institutional environment within which our case studies take place. As will be shown, this environment constrains and shapes the engagement of towns within community economic development practice.

4.0 Case Studies—Towns and Rural Development

4.1 Montague, PEI

The town doesn't have a plan for infrastructure and land use really. And no one thinks about how to develop the village into the future. In essence, community development and strategic planning is being pushed from a place where you don't usually see it. (Chris Nicholson, personal communication, Dec. 10, 2012)

Like the individual cited above, the majority of persons interviewed for this research zeroed in on the limited role of towns in community economic development on the island. It is an issue that the province has been struggling with for decades. In the case of PEI, many issues stem in large part from jurisdictional fragmentation. Aside from Charlottetown and Summerside, municipalities and towns have not expanded their jurisdictions and many abut unincorporated areas, which have limited functions and property tax contributions. This is problematic on several fronts: it means that residents who live outside of town boundaries may use amenities (e.g., municipal recreation) that they do not financially contribute to; it can make cross-jurisdictional

⁴ In PEI ACOA funded 100% of the operating cost of REDOs while in NS is provides one third funding along with the provincial and municipal governments (ACOA 2009).

⁵ ACOA's Community Investment program priority has three components: Innovative Communities Fund (ICF), Community Futures Program (CF), Business Development Program (BDP).

collaboration problematic; the size, scope, and capacity of town governments are limited; and finally, development is jurisdictionally constrained. All of these issues are present in our case study. A historical institutionalist frame helps explain the trajectory.

PEI's Towns and Villages Act of 1870 (later renamed the Municipalities Act) was established by the colonial government and formed the basis for incorporation of municipalities to the mid-1900s. Today, PEI has two cities, seven towns and 66 communities. Despite the relatively large number of municipalities in the province, 70% of its landmass (home to 30% of Islanders) remains unincorporated (Baglolle et al., 2007). The various incorporated and unincorporated areas differ in boundaries, funding bases, and governance and management systems. This fragmentation results in significant differences in the availability of services, the degree of local control and input, and the capacity for integrated and coherent planning and action at the local level. Jurisdictions with a local government are required to have an official plan before provincial funding will be considered and/or granted (Government of Prince Edward Island, 2012). Areas without a local government, and therefore without an official plan, may be granted provincial funding based on a provincial, not local, political will. If development occurs outside the boundaries of a municipality, it often has a major impact on that municipality in that non-rate-payers in non-incorporated areas may seek services in the nearest locally governed area. Finally, fragmentation arises where the local, regional and provincial agencies, boards and commissions provide services that are traditionally seen as the role of the local government in most other jurisdictions.

The Town of Montague is bounded in the north and east by the community of Brudenell, in the south by Lower Montague and in the west by Valley Field. Its capacity for expansion is therefore restricted. The opening quote of this section relates to this point and requires some explanation. The Town of Montague *does* have an official land use plan. It was adopted in 2006 and replaces a previous 1995 official plan. The plan aims to guide "physical, social and economic development" and aims to "improve economic growth" and to "provide an improved economic base and more employment opportunities for both the residents of Montague and King's County" (Town of Montague, 2009 p. 1-2). The main policy tool to achieve this is zoning bylaws. This is a reactive rather than proactive measure responding to business or community interests that are either established or in the process of becoming so. The Town is run by a staff of six (half of which are maintenance workers) and is represented by a part time council of seven. The official plan acknowledges important functions including community and economic development; however, the tools at its disposal are woefully inadequate. The Town partners with various community groups including the Waterfront Development Corporation and the Chamber of Commerce, but it is often a reactive partner because it does not have the capacity to adopt broader functions. It is not, in other words, leading development. As CAO Andrew Daggett points out, Montague is not alone in this position: "realistically, there are only a few communities in PEI that have the money and capacity to do economic development" (Personal interview, Dec. 10, 2012).

The Town's role in CED is illustrated well through the 'Artisans on Main' project. This project was borne out of a group of engaged local citizens who wanted to create a more dynamic space in the centre of town to support local businesses and revive the main street, which at the time had several vacant buildings. Community members took the idea of 'place-making', marketing and branding strategies to support local development and adopted a model that fit Montague. The 'Artisans on Main' project

involved a variety of actors including the business community whose support in part hinged on seeing wider benefit for the region. It has brought together local artisans to collaborate and form this group, and it would appear that a more formal institutional structure (a cooperative) could evolve, setting these interactions on a regularized and sustainable path. ‘Artisans on Main’ has a long-term strategy and vision for Montague and for the region. It makes use of underused assets—vacant town buildings—and links them to a broader vision for community economic development. This shows great initiative and is illustrative of a bottom-up strategy—one that fits with how the town (and region) sees itself. While the town itself was one of the collaborators in the project, it was not a driver; moreover, ‘Artisans on Main’ is not part of any strategic economic development plan for the town. These groups have *de facto* taken some aspect of land use planning upon themselves. This is interesting given that, in other cases, civic administration fulfills much more of this role. This case serves to illustrate the passive role that the Town currently plays in CED.

These issues are well known. In the 1990s, the Provincial government put local governance at the forefront of its policy agenda and established the Municipalities Act Review Committee with a mandate to assess capacity and governance and to make recommendations around operational and administrative processes. The Committee’s 2005 report called for significant changes to the Towns and Villages Act, including: a clear definition of municipal purpose, roles, administrative structures and responsibilities; enhanced financial management and accountability; enhanced service capabilities (where desired) and bylaw powers; and standardized elections. The Committee also called for the provincial government to prepare an implementation plan to expand the present geographical coverage of municipal government to all areas of the province. In 2009, the provincially-appointed Commission on Land and Local Governance made further recommendations and stated that: “the emergence in Canada of municipalities as a distinct third level of government requires that the Province reassess its relationship with Island municipalities” (Government of PEI, 2009, p. 2). The Commission’s Chair, Judge Thompson, has described the present Municipalities Act as “paternalistic” and has stated: “In my view, a key factor that is lacking is the vision for the future. Because our government lacks or has lacked for many years a well thought-out vision from which flow goals, we’ve gotten ourselves into our present difficulties to cover a broad spectrum” (Wright, 2009).

Enhancing the role and responsibility of local government and addressing the present system of jurisdictional fragmentation has been a subject of study and contention for decades. One prescription, that of amalgamations, has been an incredibly divisive issue in the province—one that may remain untouched despite efforts at municipal reform. Economic Development Officer Amie Swallow MacDonald succinctly describes this issue:

Local government is so important to the work [of community economic development]. Communities, towns and municipalities are going to have to redefine themselves. People don’t like the issue of amalgamation. Communities are getting smaller but they think of their communities in the way they always did. We need to think about communities more comprehensively and work together. It is a challenge for people. There is huge attachment to place and huge competition between communities... Local governments have a potential to be core actors in community

development and they will need to take on more of that role. (Amie Swallow MacDonald, personal interview, Dec. 6th, 2012)

Over the past five years, the provincial government has placed a major focus on rural development and has adopted a *Rural Action Plan* (2010), which sets out a strategy for rural development.⁶ The plan was derived through a province-wide community consultation strategy, which resulted in a strategy for rural development, including 40 action items. The plan entailed some reorganization: three rural action centres (and two satellite ones) were created in order to bring together a variety of community economic development and business supports under one roof, and the portfolio of ‘rural development’ was added to the Department of Fisheries and Aquaculture (now the Department of Fisheries, Aquaculture and Rural Development: FARD). The plan also moved some provincial departments to rural areas to spread employment benefits across the province. It is for this reason that FARD is located in Montague. While all provincial departments are involved in some aspect of rural development, FARD’s role is to provide “a rural lens that relates to rural Prince Edward Island policies and programs across government” (Personal interview, DM Richard Gallant, Dec. 6th, 2012). Among the Atlantic provinces, PEI is the only province with an explicit rural development strategy.

PEI’s *Rural Action Plan* has promised increased resources for “effective, bottom up” community based development in rural regions. The report specifically notes that effective CED will require expanding the role of municipalities in rural development (Government of PEI, 2010). Changes to the Municipal Act will soon be released and it is anticipated that they will enhance the capacity of towns to govern and plan by expanding their roles and responsibilities. However, without increasing the revenue base and size of jurisdictions it is unlikely that they will be able to significantly strengthen their capacity. It is instructive that recommendation #38 of the Commission on Land and Local Governance advocates for “the incorporation of some or all of the province into municipalities having a population and tax base sufficient to provide effective and sustainable local governance on matters which are local in scope” (Government of PEI, 2009, p. 5-6). This is amalgamation by another name, and accordingly, strong public support will be required for such changes to proceed. As this case illustrates, Montague is at present a limited player in CED and as a result, comprehensive, long-term strategic planning is weak.

While institutional changes, such as those proposed to the Municipal Act, are important, equally so is the funding environment because of the way that it structures the types of projects that are undertaken and shapes the character of community groups and municipal roles. Given this, there are three major trends of note impacting the CED landscape in PEI: first, project funding from governments tends to be for smaller amounts; second, groups need to put forward a strong business case and demonstrate a project’s economic benefit and sustainability; and finally, related to this last point, project plans and reporting requirements are more stringent. These trends are evident across the non-profit and voluntary sector in Canada. For example, a 2009 survey of the sector by the Wellesley Institute found that government and charitable funding is declining as a percentage of sector income while earned revenue is increasing. The study also found that groups are seeking more diverse

⁶ It should be noted that PEI presently has two cabinet-sanctioned provincial policies—the Rural Action Plan and the Prosperity Strategy. The latter has to do with aerospace and bioscience (Personal interview, DM Richard Gallant, Dec. 6th, 2012), and pursued an exogenous model: that is, it is focused on bringing targeted sectoral investment to the province.

funding from a variety of sources and the funding environment is more complex; that the regulatory environment has shifted in the past year to require very stringent accountability reporting; and that there is limited access to funding for social enterprise initiatives (Eakin & Graham 2009, p. 2-3). While these trends impact the non-profit and voluntary sector, they also impact towns and municipalities that are often a partner in CED projects as both partial funders, but also as project collaborators.

While funding tied to major events or the infrastructure stimulus of Canada's Economic Action Plan provides a significant infusion of short-term funds for specific projects, in general, funding for CED initiatives is for smaller amounts than seen in the past. As MacDonald explained,

When I look at the capacity of community groups to continue their process, we have seen a lot of change—provincial and federal funding is far less than it was. Greenwich National Park was a project worth millions and now we are struggling to get \$200,000 projects. We aren't seeing as many projects funded. Most of the groups are trying to handle what they already have. I think you'll see them struggle because the capacity is not necessarily there for them to handle much more. The declining and aging of the population has been a major challenge as well. I think it will continue to be challenging for them to grow and move forward and the cutting of resources from government makes it challenging as well. (Amie Swallow MacDonald, personal interview, Dec. 6th, 2012)

The federal government's focus on deficit reduction, the fiscal constraints of declining tax bases, and the increasing public expenditures faced by Atlantic Canadian governments continue to make for a challenging funding environment. CED groups, like many others, are asked to do more with less.

Further, the focus of funding has shifted. At present, there is a focus on *economic* development over community development per se. From the perspective of the Province, this is because the goal is:

To promote economic development projects and to get [community groups] to think about economic development rather than quality of life things. We have the Island Community Fund for gaps that aren't available through federal-provincial agreements. We reworked the mandate of it to focus on rural economic development. It is sometimes a struggle to get community groups to think about economic development. It's not hard for them to think about fixing community assets like fire halls and community halls. But we have supported some good community economic development projects. (DM Richard Gallant, personal interview, Dec. 6th, 2012)

Both provincial and federally funded programs (e.g., ACOA's Innovative Communities Fund) share this economic focus, and the structure of funding programs emphasizes this commitment in a way that is visible to CED groups:

We have seen a change in what government is looking for—you need to make sure everything has an economic impact and that it is sustainable. If you want money of any kind those are the two main factors and that is a change. We used to have sport and recreation—but it is harder to make a

case for that. The same goes for community halls. Those are hard to get funding for. The economic impact and sustainability of the project are central. (Amie Swallow MacDonald, personal Interview, Dec. 6th, 2012)

This issue was raised throughout the other interviews, but our case study profiles one particular project in depth: Artisans on Main. The project has taken a community and economic development approach and is both regional and long term in how it is structured. There are several factors that have enabled its approach. Chief among them are the collaborative nature of the project (involving a variety of groups); the role of the Chamber of Commerce, which pushed for a strong business case; and the presence of the project coordinator, which made it all possible and gave stability to the project.

The funding and reporting trends impacting the CED sector have significant implications for the role of towns and municipalities. They will be increasingly important as collaborators in CED projects and partial funders due to the structure of funds. Projects will tend to be bigger, longer term, and tied into an economic development strategy—towns will have an important role to play in this. Finally, community groups are finding the provincial and federal government hesitant to invest in “quality of life” projects unless there is strong economic rationale. This aspect of community development may then increasingly fall to towns to deliver upon.

4.2 *Marystown, NFL*

Like Montague, Marystown is a regional hub, but with a much larger population. Importantly, unlike Montague (whose economy is dominated by agriculture, tourism and government services), Marystown is an industrial community. It sits on the large and ice-free Bay of Mortier, approximately half way down the Burin Peninsula. As the regional centre of the Burin Peninsula, it has a range of amenities, services, and stores, greater than one would expect given the population base. Marystown is a community under stress. The past few years have seen the closure of two major fish processing plants in the region, further cementing a shift away from the traditional mainstay of fishing and related activities. The collapse of the ground fish fisheries and transition to shellfish and growth in aquaculture has given way to developments in the oil, gas and mining sectors and support industries. The effects of these major sectoral shifts are unevenly felt—benefits accrue to some communities more than to others and major projects (and employment) remain largely cyclical. Community and economic development in Marystown must navigate these highs and lows. A notable feature of the CED landscape in this case study is the importance of connections to major industry—the municipality, together with federal and provincial government agencies, has engaged in strategic planning exercises leading to the development of support industries and related infrastructure.

Marystown’s municipal administration is small, with a Council of six (including the deputy mayor and mayor) and a staff of twelve; the Council positions are not full time. Despite this, the municipality has been remarkably involved in community economic development (though they do not have an economic development officer). Interviewees repeatedly described the municipal government as a core community actor. Indeed, the municipality has been very engaged in identifying and supporting industry in particular. It has acted strategically to link up with larger industries and support secondary supply industries together with funding agencies. The engineering firm Kiewit Offshore Services (KOS) operates out of Marystown and has been the site of some significant projects for the offshore oil and gas sector,

including the 2012 construction of the Terra Nova Integrated Swivel Turnaround Project (\$75M contract) and the White Rose FPSO (Floating, Production, Storage, Offloading) topsides. These projects bring an influx of activity and personnel to the area, albeit sometimes for as little as three months. On the eve of the White Rose project, the town engaged a consultant to conduct a post-audit. This stemmed in part from the perception that the anticipated benefits of the Hibernia subsea construction projects were not entirely realized (Jody Brushett, personal interview, February 29, 2013). It was determined that more local benefits could accrue from better engagement with the industry's supply chain (including the need to support the development of infrastructure for local suppliers) and that a camp-life structure limited community involvement. Learning from this process, the municipality worked with operators to help them become part of the shipbuilding supply chain, which included the construction of an industrial park. The municipality also passed a bylaw outlawing the construction of a camp, and because of this, accommodations were shifted to the town. Governmental agencies have been supportive of this work.

Marystown has also been a central collaborator in regional initiatives. Along with six other Burin municipalities, it recently formed the Burin Joint Municipal Council. An earlier manifestation of the council was established in 1952 and operated for three decades before falling to the wayside. In March of 2012, the reformed Council, which includes the Mayors of Rushoon, Marystown, Grand Bank, St. Lawrence, Fortune, Parker's Cove and Burin, moved to adopt a Constitution and to elect officers. The structure of funding for municipalities in many cases makes them compete with one another; there is competition for the location of critical infrastructure, particularly health care services, and these are divisive issues. Importantly, the Council has acknowledged these divisions and is focusing on common issues instead, in the hopes that together, they will have a bigger voice in their interactions with other levels of government. To that end, they have prioritized three issues: sustainable economic development, communications, and transportation.

The Joint Municipal Council is a form of 'light regionalism', which can have problematic connotations:

When you talk to people around here, regionalism is related right back to resettlement. Larger communities are by default starting to become service centres and smaller communities are being brought into regionalism because they can't support the infrastructure that they have (Jody Brushett, personal interview, February 29, 2013).

This sentiment is a reflection of the fact that regional centers are growing, while smaller communities in the peninsula are shrinking, and coming under increasing financial stress to provide services. Employment prospects and access to services are concentrating in larger towns, and the fate of smaller communities falls into question.

Marystown is remarkably active in terms of community economic development. A lot of this is said to come down to personalities, in particular the long time Mayor of the Municipality, Sam Synard. Interviewees described him as capable, involved, and a strong advocate for the Town. All of this despite the fact that the Municipal Act does little to empower communities. Robert Greenwood aptly summarizes this point:

Our Municipal Act is extremely limiting. The final recommendation of the Task Force on Community Development (Report of the Task Force on

Community Economic Development in Newfoundland and Labrador, 1995) advocated changes to the Act to allow municipalities to play a role in economic development. Municipalities were already ignoring that law and the lack of empowerment and hiring economic development officers and forming economic development corporations. (Dr. Robert Greenwood, personal interview, February 28, 2012)

Despite institutional (legislative and funding) constraints, the municipality of Marystown has managed to be an important CED actor, linking long term strategic planning with industrial development. They have undertaken several major projects that have directly contributed to the development of new sectors of economic activity and have been instrumental in regional collaboration. However, this engagement is not ‘institutionalised’—that is, it is left to strong individuals who take initiatives. This raises the question of whether such engagement is robust in the longer term. With more empowering legislation and a greater formal role in economic development, their capacity to engage in this manner would be greatly strengthened.

Akin to the Montague case study, there are pressures facing the CED sector to professionalize and, critically, to contribute a portion of their own revenues to projects. The restructuring of funding has an irreversible impact on CED groups. In the past, the Department of Innovation, Business and Rural Development (IBRD) would cover up to 25% of a project’s cost while ACOA would fund up to 75% (Trevor Bungay, personal interview, March 1st 2013). Now, groups are expected to contribute 10% of their own funds, ACOA will contribute a maximum of 33% of the total project cost, and IBRD a maximum of 25 per cent (*ibid.*). This pushes groups to prioritize their own funds and related projects. In the words of ACOA project officer Jody Brushett:

I don't think that ACOA's vision has changed, but some of our program criteria have changed and we have raised the bar a little higher. We have become more in tune to how community economic and business growth work together and how municipalities need to be strongly involved in future successes. (Jody Brushett, personal interview, February 29, 2013)

Some groups have managed to thrive amidst this changing structure, while others (particularly smaller community groups) have not. The town’s success with CED projects has a lot to do with how its interests, in terms of the type of developments proposed, are aligned with that of provincial and federal funding objectives.

A major feature of CED in Marystown is that it takes place in an economy that is industrially focused. Accordingly, the scale and scope of projects that engage with the industrial sector tend to be larger and require land use planning. The municipality has been critical here. Despite limited formal capacity, together with project funders like ACOA, the municipality has conducted strategic planning exercises to reorient local development and take the most advantage of short-term industrial project work. Much more could be done to help local governments engage in these types of activities—not least of which would be formally expanding their role in economic development.

5.0 Conclusions

A 2005 OECD comparative review of rural policy finds “one common element among rural areas that thrive is their ability to utilize and promote *endogenous* attributes and comparative advantages” (p. 4). Such endogeneity requires community capacity, and in this, our case studies illustrate there are constraints for rural municipalities. The clearest constraints are legislative—municipal roles and responsibilities have changed little through the decades while expectations about their involvement have grown. Meaningful CED requires changes in governance and power relations amongst community actors and different levels of government. Municipal legislation has not kept pace with such expectations. Despite this, the two case studies fare differently. Marystown has been an active player in CED (a role that has been critical for the Town’s spatial planning and support of industry), while Montague remains a passive actor. Marystown has, in a sense, ignored its legislated role to act beyond that and has reached out to pursue regional collaboration through the Joint Municipal Council. Interviews with key stakeholders indicate that this is driven by the Mayor, a highly engaged CAO, and other such critically placed individuals. Importantly, both levels of government have supported Marystown’s use of postindustrial audits. As such, interests have been aligned between the three governments. But, this may not always be the case, further calling into question long-term capacity. A further institutional constraint relates to jurisdictional fragmentation. While Marystown is taking steps to overcome this through a form of ‘light’ regional collaboration, Montague is hampered by its geographical placement abutting unincorporated areas and a lack of inter municipal cooperation. Municipal funding structures place municipalities in contest with one another for resources in both cases—a fact that hampers collaborative efforts. The structure of provincial and federal funding (its impact on the CED sector more generally) also shapes prospects for municipal involvement. Diminished levels of project funding combined with a requirement for ‘own source’ contributions, greater collaboration among CED actors, and the emphasis on economic (over that of community) development, makes towns an increasingly important collaborator and co-funder. Funding structures shape CED activity at the local level in so many ways—from who is involved to the types of activities that are funded. Expanding the formal powers of municipalities will little change this fact unless their revenue base is broadened alongside such reforms.

While there are formal structures that create disincentives for action, there are also informal constraints including cultural barriers to collaboration. The growth of regional centres in rural areas complicates this. Greying populations and shifting industrial bases create strong pressures for regionalism across Atlantic Canada due to a need to consolidate limited resources. Though very different in size, the two case studies examined here are regional centres for their respective locales, with all the advantage that this brings. If the powers of rural municipalities are enhanced to engage in CED, this may not be evenly felt and there are major pressures towards regionalism and the growth of regional institutions to promote economies of scale. This is not necessarily an unwelcome outcome, but it comes along with a rebalancing of power relations within communities, placing smaller communities in a difficult position. Burin’s Joint Municipal Council has pursued regional collaboration by taking the most contentious issues (such as the location of health care service) off the agenda, though they are of foremost importance. We are in a moment of transition within Atlantic Canada and new institutions at the local level are being created. In the words of one local resident and advocate of regional governance,

Gordon Lumis, “We have small communities that encourage parochialism. Our taxes are high. We have no economic development strategy that we’re aware of” (Hoegg, 2013). Pressures are mounting for reform.

This study has presented findings from two rural case studies and in doing so, has highlighted the institutionalized constraints faced by rural municipalities to engage meaningfully in CED. The limitations of this study must be acknowledged; chief among these is the small-N applicability of the findings. While many formal institutional constraints are consistent across rural municipal cases, how municipalities react to these clearly varies. This raises such questions as how and why do we see such variation and where does it come from? There are numerous extensions for this line of research into the role of rural municipalities within CED—a role that has been understudied in the Canadian context. Both international and Canadian comparative research is warranted to better understand the frameworks, legislation and policies that shape how municipalities engage in CED. For example, within Canada, Quebec is often cited as a leader in CED; the OECD has described Quebec’s rural policy as “one of the most advanced policy approaches to promote rural development in the OECD area” (2010, p. 18). At the forefront of this approach is “le Politique nationale de la ruralité” (PNR), launched in 2006. Regional county municipalities are the locus of intervention, ownership and decision-making under PNR, which focuses on empowering local government and civil society actors. Much might be gained from understanding this landscape, despite provincial differences in the roles and responsibilities of municipalities. Such comparative analysis might illuminate a set of policy tools that are yet underused at the local level in some provinces, such as expanding revenue sources.

Rural Atlantic communities are at the forefront of economic, environmental and socio/cultural change. The limited capacity of rural municipalities to engage in CED due to institutional constraints hampers meaningful, long-term engagement and the integration of spatial planning with economic and community development. This raises the question of where change would come from. Municipal roles and responsibilities could be formally expanded through Municipal Acts. But, entrenched power relations are highly structured by the policy priorities of other levels of government—particularly through CED funding. Reorienting power relations is central to an endogenous approach. This will take time and requires both formal and informal/cultural institutional change. Given their strong roles in structuring development objectives, provincial and federal governments will need to be on board for such change to manifest.

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