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Reflections on Rural Development

A paper prepared for the
Federation of Canadian Municipalities

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June 2008



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INTRODUCTION

Brett Fairbairn asked in 1998, “Why governments should be concerned with rural development?”¹ That question is even more relevant and timely today. Now more evident is globalization, the growing realization that the role of large cities is key to promoting innovation, the growing emphasis on research and development in promoting economic development in national economies, as well as the rapid population shift to urban centres and away from rural communities.. Many rural communities are confronting daunting economic challenges with a number of them actually fighting for their economic survival. The Canadian Rural Revitalization Foundation went to the heart of the matter as far back as 1996 when it argued that “Rural Canada has dying villages and towns, is losing population and has substandard social services including a chronic shortage of doctors. Unemployment rates are particularly high among rural youth, seasonal workers, and in the eastern rural areas. The rural workforces in coastal fishing, western logging, and central rural manufacturing have all taken heavy hits in the past decade.”²

The purpose of this paper is to take stock of the federal government’s role in promoting rural development and to offer advice. Ottawa has, over the years, put in place a variety of measures designed to promote rural economic development and to deal with rural issues. In reviewing Ottawa’s role, we need to ask several questions.

First, what is rural Canada? It is important to recognize that rural Canada is as diverse as Canada’s urban centres. Many rural communities are within an hour or two drive from urban centres, but many others are isolated, one-industry towns or communities. Accordingly, we need to explore, however briefly, what constitutes rural Canada and related issues before we can propose policy prescriptions.

Why should rural Canada matter to Canadians? There is a perception in some quarters that rural Canada is a drag on the national economy and on strong urban areas. The solution for some is to unleash market forces and let outmigration solve the problem, the sooner the better. While this holds a certain economic appeal, it overlooks important issues and potential negative economic impact for the national economy.

The next question: what role should the federal government play in rural development? There is a view held by some observers that rural communities should take care of their own problems and that, in any event, they are the responsibility of provincial governments. Some maintain that rural Canada has too much infrastructure (e.g., schools and hospitals) for its population while urban Canada is in urgent need of new infrastructure investments. As a result, we need to explore the role Ottawa plays in promoting economic development in rural Canada. What changes, if any, are required in the machinery of the federal government to give life to this role?

The question of how to give life to horizontal issues has come to dominate machinery of government discussions throughout the western world. This is true for virtually every policy sector. Think, for example, of the environment, climate change and regional economic development. Think also of the various models that have been tried in recent years to make horizontality work. Rural issues are, by definition, also cross-cutting and, here too, a number of models have been tried from a line department and a Minister of State to the establishment of a special secretariat. We need to explore possible government changes to strengthen Ottawa’s role in promoting rural development and in dealing with rural issues.

We turned to several sources to secure information for this report. We consulted published and unpublished reports and government documents as well as the academic literature. We also met with a number of federal government officials both in Ottawa and in the region. We also interviewed individuals with a keen interest in rural Canada to gain an appreciation of the federal government’s position and plans for rural Canada.

What Is Rural?

Mackenzie King once observed that if some countries have too much history, Canada has too much geography. As is well known, the Canadian population is spread over large territory and Canada’s political leaders have over the years tried to manage, as best they could, the country’s relatively small population dispersed over 9,984,670 square kilometres.

We know that Canada’s population continues to shift towards urban areas. Statistics Canada reports that Canada’s urban population surpassed its rural population during the 1921 to 1931 period and that today some 25 million people, or more than 80 per cent of Canadians, live in urban areas.³ The reasons for this shift are varied: the primary sector, notably agriculture and the fishery, is not nearly as important to the economy as it once was, and immigrants tend to go where other immigrants are, with the result that the great majority of new Canadians are found in urban areas. A significant number of emerging employment opportunities are also now found in the service and financial sectors and in the public sector, which tend to concentrate in urban areas.

¹ Fairbairn, B, 1998. “A Preliminary History of Rural Development Policy and Programmes in Canada, 1945-1995”, University of Saskatchewan. 1.

² “A Whole Rural Policy for Canada,” a paper submitted to the House of Commons Standing Committee on National Resources for its Study on Natural Resources and Rural Economic Developments, Ottawa: House of Commons, May 28, 1996, 2.

³ Statistics Canada. 2006. “Portrait of the Canadian Population in 2006: Suprovincial Population Dynamics”, 2006 Census: Analysis Review. Available at www12.statcan.ca

That said, there is a substantial difference in how the regions have seen their population shift from rural areas to urban centres. Ontario, for example, saw its urban population surpass its rural population nearly one hundred years ago. At the moment, Ontario is only 13 per cent rural. The Maritime Provinces, meanwhile, are just now seeing their urban population surpass its rural population.⁴

But what do we mean by rural population and rural Canada? Roy MacGregor, a leading Canadian journalist, persuasively argued recently that Canada's longstanding definition of urban Canada is hopelessly dated. He correctly makes the point that it is no longer possible to define urban Canada as an area which "has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre."⁵

Statistics Canada has in more recent years sought to update its definition of urban and rural areas. It defines rural Canada as "areas located outside urban centres with a population of at least 10,000."⁶ It then goes on to describe two rural areas—one close to urban centres and another more remote. It is important to note that there are sharp differences between the two types. We know, for example, that rural areas close to urban centres are witnessing important population growth (+ 47 per cent) close to the national average (+ 54 per cent). We also know that more than 30 per cent of the labour force in these communities commutes to work in the urban centre.⁷ The point here is that the economy of rural communities located near urban centres is not much different from that of their urban neighbours. In our consultations with federal government officials, it quickly became clear that they are well aware that there are "different" rural areas. For example, they made reference to "urban adjacent" areas and recognized that these areas have vastly different economic circumstances than small, remote and isolated rural communities.

As is well known, isolated and remote areas have witnessed an important loss in population over the past 10 years or so. Statistics Canada explains that the lack of population growth in these areas is "often due" to young adults moving to urban areas to pursue education or employment opportunities. All of the country's 25 small towns and rural communities that have declined quickly since 2001 are located far from urban centres, with a number of these in the northern part of their provinces.

⁴ Savoie, D. J. 2006. *Visiting Grandchildren: The Economic Development in the Maritimes*, Toronto, University of Toronto Press, 2006, 243-4.

⁵ MacGregor, R. 2007, November 24. "Who says we're an urban country?" *The Globe and Mail*, p.F8.

⁶ Statistics Canada. 2006. "Portrait of the Canadian Population in 2006."

⁷ Ibid.

⁸ Ibid.

⁹ du Plessis, V.R. et al. 2001. "Definition of Rural," *Rural and Small Town Analysis Bulletin*, 3 (3), 1-17.

¹⁰ "A Whole Rural Policy for Canada," a paper submitted to the House of Commons Standing Committee on Natural Resources for its Study on Natural Resources and Rural Economic Development at the Canadian Rural Revitalization Foundation, May 28 1996, 4-5.

By contrast, of the 25 fastest-growing small towns and rural communities during the same period, 14 are located less than 50 kilometres from Montreal, Toronto or Vancouver and another six are located close to an urban area.⁸

There is also considerable diversity in how well small, isolated rural communities perform. Aboriginal communities, many located more than 50 kilometres from urban centres, continue to experience particularly difficult socio-economic problems and a high unemployment rate. One-industry towns dependent on, say, a pulp and paper mill, a sawmill, a mine, or a fish processing plant, do not have the economic diversity to cope with a sudden surge in the value of the Canadian dollar or a substantial drop in demand for the products being produced. Their reliance on one sector or one enterprise makes them highly vulnerable to sudden changes in the sector.

Some observers insist that there are a number of classifications one can apply to rural areas. Three keen observers of rural Canada outline several definitions of rural Canada. They look to "census rural areas" (population living outside places of 1,000 or more), "rural and small town (rst)" (population living outside the main commuting zone of larger urban centres of 10,000 or more), census metropolitan area and census agglomeration influenced zones (miz), OECD rural communities (population in communities with densities less than 150 people per square kilometre), OECD predominantly rural regions (population living outside of regions with major urban settlements of 50,000 or more people) and rural postal codes.⁹

The Canadian Rural Revitalization Foundation, meanwhile, identifies three different types of rural Canada. Rural Canada 1, it argues, consists of communities relying on "lumber, pulp and paper industry, mining and energy industries, the trawler fleets, commercial grain and oilseed production and cattle feedlots." It accounts for less than 10 per cent of Canada's rural population, but well over 80 per cent of the market value of rural output of basic commodities. Rural Canada 2 is largely in the business of producing niche products and its households very often have more than one source of income with many of its residents commuting to work in medium or large urban centres. The Foundation insists that policies for Rural Canada 1 do not work well for Rural Canada 2. Rural Canada 3, meanwhile, is in the business of "surviving." It struggles to find employment opportunities and relies on transfer payments and, while it accounts for 15 to 20 per cent of the rural population, it represents less than five per cent of market value output. Rural Canada 3 experiences "varying degrees of deprivation, and are largely excluded socially and politically from the rest of rural and urban Canada."¹⁰

However one may wish to classify rural areas, it remains that rural areas away from urban areas have had to accommodate far reaching economic adjustments in more recent years. We know, for example, that nearly 40 per cent of gross farm receipts are now produced by only 3.1 per cent of Canadian farms. To some extent, the same can be said about the forestry

sector where the need to be competitive in the global economy has given rise to large vertically integrated corporations which have replaced many small woodlot owners and small sawmill operators.¹¹

There are also sharp differences between rural communities when it comes to shaping public policies. An example will make the point. The Kingston municipal amalgamation in 1998 saw the city merge with a number of surrounding municipalities. It soon became apparent that the new larger community would have to accommodate the interests of rural communities which now constitute 80 per cent of the municipality's land mass. For example, the city enacted a bylaw regulating tree cutting. While it made sense in Kingston itself as a way to check land and housing developers, it did not resonate well in rural communities where there is a long tradition of cutting trees to heat homes or to build fences on farms. This is just one example where public policies may make a great deal of sense in an urban setting but less so in rural communities. I also asked Kingston municipal councillor Leonore Foster how the federal government dealt with urban-rural issues and to what extent Ottawa was present in rural communities around Kingston? Her reply: "There is precious little evidence that federal government has much of a plan or a presence in rural areas."

David Marit, representing the Saskatchewan Association of Rural Municipalities, insists that rural Canada is losing its voice and that it is no longer being heard in Ottawa as it once was or should be. The federal government, he maintains, has embraced the "per capita" criteria in defining and delivering its programs and provincial governments are now adopting the same criteria. He reports that the association has had to turn to outside consultants to help get its message through the Ottawa system. MPs help to the extent they can, he adds, but they can hardly do it alone since the federal government has become much too large for them to influence it to any significant degree.

Ron Bell, mayor of Birtle, Manitoba (population 662) and president of the Association of Manitoba Municipalities, also made the point that the voice of rural Canada is hardly being heard in Ottawa. Ottawa has become highly bureaucratic, imposing a number of reporting requirements and performance reporting initiatives whenever a community taps into national programs. Small communities simply do not have the capacity and resources to accommodate Ottawa's requirements. In addition, he argues that the federal government seems to be searching only for projects or initiatives that have "national significance." The Ottawa system, he maintains, does not believe that rural and remote areas can ever constitute "national significance." I asked both

Mr. Marit and Mr. Bell to express their views about the federal government's Rural Secretariat. They both had positive comments, but they pointed out that the Secretariat often appears overwhelmed by the large federal bureaucracy. Don Johnson of the Alberta Association of Municipal Districts and Counties (AAMDC) also had some very positive comments about the Secretariat and its work.

Mr. Johnson also offered some well thought out advice on ways to strengthen rural Canada's message before policy makers. It is important, he insists, to craft a positive message and to arrive with policy solutions rather than simply criticizing what governments have done and not done. He adds that there are many important and positive messages that can be highlighted: rural Canada remains the backbone of the national economy, providing the natural resources to fuel Canada's economic region, and rural Canada has provided the important values and work ethic that have made Canada a great nation.

There are, he readily admits, also important challenges. As others have, he reports that it is extremely difficult, if not impossible for small communities to access national shared-cost programs because they do not have the required human resources to prepare application forms and respond to fairly sophisticated requests for performance and evaluation reports. In addition, he reports that rural Canada does not enjoy as much visibility in the national media because the bulk of the national media is located in urban Canada.

Mr. Johnson and his organization are leading an innovative initiative to give rural Canada greater visibility. In celebrating its 100th anniversary in 2008, the AAMDC is sponsoring a major Rural Matters conference in Alberta. The conference will bring well over 1,000 participants from all sectors to review several important themes for rural communities, including economic development, governance and government relations, the environment, community capacity, and high speed Internet.

All of the above to make the point that when we speak about rural Canada, we are speaking about a diversity of communities dealing with a variety of economic circumstances. It also makes the case that public policies should be adjusted to accommodate rural Canada. This also explains why many observers want to break rural Canada down into many parts. It is important to underline the point that the growth of large urban areas may have significant important trickle down effects in the case of adjacent communities, but that they do not have the same impact on small peripheral communities.¹² It is also important to stress the point that national policies do not apply well in all parts of rural Canada and, further, that what may work in communities near large urban centres do not always work, let alone work well, in small remote communities.

Why Does Rural Matter?

Why should Canadians be concerned about rural Canada? Why should governments, notably the Government of Canada, be concerned with rural Canada? Why should Canadians be

¹¹ Wallace, I. 2002. *Geography of Canadian Economy*, Toronto, Oxford University Press.

¹² Mario Polèse and Richard Shearmur make this point in their *The Periphery in the Knowledge Economy: The Spatial Dynamics of the Canadian Economy and the Future of Non-Metropolitan Regions in Quebec and the Atlantic Provinces* (Montreal: INRS, 2002), p. xxvii.

concerned if national policies do not apply well in rural Canada so long as they serve to strengthen the national economy? Without suggesting for a moment that they agree with the question, Mario Polèse and Richard Shearmur asked, “Why not simply let market forces do their work and allow doomed regions to gradually fade away, and when the process is complete perhaps turn them into national parks or nature reserves? Let the last person to leave turn out the light and close the church door.”¹³

Bill Reimer provides an answer. He writes: “Rural and urban Canada are inextricably linked. Rural places provide timber, food, minerals, and energy that serve as basis of urban growth. Rural places also process urban pollution, refresh and restore urban population and maintain the heritage upon which much of our Canadian identity rests.”¹⁴ Reimer adds that “since we share the air, water, vistas and the land, it becomes impossible to separate the impacts of urban and rural activities and that the different urban and rural interests cannot be resolved by market forces alone.”¹⁵ He maintains that governments have an important role to play in rural Canada.

It is also important to note, for example, that many of Canada’s early manufacturing success stories were born in small towns, more often than not in response to the demands of farmers or individuals working in agriculture or in the forestry sector.¹⁶ Some of Canada’s leading food processing firms that have over time become highly competitive and successful global firms were also born in small towns, including McCain Foods in Florenceville, New Brunswick, and Oxford Foods in Oxford, Nova Scotia. The image that some Canadians may have, which suggests that urban areas are dynamic, high growth economic spaces while rural Canada is a kind of economic wasteland, does not always correspond to reality. To be sure, there are some deeply ingrained socio-economic problems in remote and isolated rural communities. However, as we saw earlier, rural Canada consists of a variety of economically diverse communities.

There are also important economic reasons pushing governments to look to rural areas with programs and initiatives. Some economists argue that a national economy needs to have all regions functioning well for it to operate efficiently. These economists stress the need for balance in economic development and point to countries that have strong national economies such as Germany, the United States and

Japan to make their case.¹⁷ These countries have been able to promote economic balance between regions, but also between urban and rural areas to a greater extent than Canada.¹⁸ This, in turn, calls for public policies that can accommodate the socio-economic circumstances of both rural and urban areas.

In any event, rural Canada is not about to disappear. Natural resources are also not about to disappear or somehow relocate to urban areas. A chronically weak rural Canada is neither good for the national economy or for urban Canada. In their extensive review of the “spatial dynamics” of the Canadian economy, Polèse and Shearmur concluded that “peripheral regions will not die.” They added “What we know is that populations will in all likelihood decline in the majority of peripheral regions, the predictable result of the combined impact of the demographic transition and expected future trends in employment. In some cases, the decline will be dramatic, especially for communities whose livelihood is entirely based on a single threatened resource. But, except for such extreme cases, we do *not know* where this process will eventually end, that is, at what point in time and at what population and employment levels peripheral communities will eventually find a new equilibrium. The majority of peripheral communities will not disappear.”¹⁹

It is worth reporting at some length the reason why Polèse and Shearmur believe rural Canada and many peripheral communities will continue to exist and to matter to Canadians.

- Local resources will continue to be exploited (and sometimes transformed) although with fewer workers. Consumers will continue to demand fresh fish and seafood. Wood will continue to have its uses.
- In some regions, new resources will be discovered and exploited. Natural gas and oil off the coasts of Newfoundland and Nova Scotia are examples.
- The maintenance, care, and stewardship of natural resources will continue to require a local presence: i.e., game and forest wardens; silviculture and replanting. The seas must continue to be policed and inspected.
- Local infrastructures must be maintained: roads; harbours; airports; power lines and stations; etc. Various “peripheral” deep sea ports will continue to act as transshipment points: i.e., for wheat; iron ore; etc.
- There will always be a (tourist) demand for the great outdoors and spectacular scenery, with everything from whale watching, hiking, hunting and fishing to cross-country skiing and snowmobile expeditions. Again, infrastructure must be maintained and services provided.
- Public services must be provided for local populations: public administration; policing; education; health. As populations age, the latter will become increasingly important.
- Communities that offer a cost advantage (such as lower labour costs and turnover) to offset the costs of distance

¹³ Ibid. p. 185.

¹⁴ Reimer, W. 2004. “Rural and Urban: Differences and Common Ground,” in Hiller, Harry H. (ed.), *Urban Canada: sociological perspectives*, Don Mills, Oxford University Press. 71-94.

¹⁵ Ibid, p. 86.

¹⁶ See, among others, H. Miner, *St. Denis: A French Canadian Parish* (Chicago: University of Chicago Press, 1963).

¹⁷ See, among many others, Benjamin Higgins, *The Road Less Travelled* (Canberra: Australian National University, 1989).

¹⁸ Savoie, D.J. *Visiting Grandchildren*.

¹⁹ Polèse and Shearmur. *The Periphery in the Knowledge Economy*, 186.

will continue to attract industries sensitive to labour costs and employee loyalty. Call centres and textiles are current examples.

- There will always be people, at least in most cases, who want to continue to live in particular communities, and who are willing to make the effort (and bear the necessary costs) in order to make their enterprises and their communities work.²⁰

What role should governments play as rural Canada and peripheral communities seek to adjust to a more competitive and demanding global economy? Polèse and Shearmur insist that statements such as “Let’s just close down region X,” or “Why not turn it into a park,” are simply “politically useless and basically irresponsible.”²¹ Public policies can and do have an impact on a community’s ability to adjust and there will always be pressure to adjust policies to accommodate the interests of rural Canada. MPs are elected to represent constituencies and it is unrealistic to think that they will stand idly by and allow others to call the tune in rural communities. In Canada, as in other western countries, representation by population has been adjusted so that rural areas have more representation in the legislature, toute proportion gardée, than urban areas. It only takes a moment’s reflection to appreciate that rural MPs, no less than urban MPs, will apply pressure on their party leaders and the government to put in place special measures for their constituencies.

The Evolution of Rural Government Policy

In any event, the Government of Canada has itself argued on many occasions that it wants to promote the interests of rural Canada. It has made it clear that “the well-being of rural, remote and northern Canadians is a fundamental concern of all governments.” We are also informed that “federal-provincial-territorial partners have agreed to work together to advance the vitality of rural communities.”²² The Government of Canada, meanwhile, explains its commitment to rural Canada this way: “Viable and sustainable rural communities are important to the vitality and prosperity of all of Canada and the Government of Canada is committed to the economic and social renewal of rural Canada that will increase its vitality and prosperity.”²³

The Government of Canada has had in place, virtually from the day the nation was born, special programs for rural Canada through the Department of Agriculture. In the early years, rural development was directly tied to agriculture. The link with the department remains evident to this day, even though

agriculture employs less and less rural Canadians. It will be recalled that the federal government also sought to deal with specific rural problems when it established the Prairie Farm Rehabilitation Administration (PFRA) in 1935 and the Maritime Marshlands Rehabilitation Administration (MMRA) in 1948.²⁴

Ottawa decided to go a great deal further in support of rural development in the late 1950s and early 1960s. During this period, the Diefenbaker government launched a series of initiatives specifically designed for rural Canada. In 1959, for example, it sponsored a road to resources policy. In 1961 it introduced the *Agricultural Rehabilitation and Development Act* (ARDA). ARDA was an attempt to rebuild the depressed rural economy and represented Ottawa’s first “regional” development program. ARDA began as a federal-provincial effort to stimulate agricultural development in order to increase income in rural areas. It aimed to increase small farmers’ output and productivity by providing assistance for alternative use of marginal land, creating work opportunities in rural areas, developing water and soil resources, and setting up projects designed to benefit people engaged in natural-resource industries other than agriculture, such as fisheries. Later, in 1966, the program was renamed the *Agricultural and Rural Development Act*, and its objectives were adjusted. ARDA was expanded to include non-agricultural programs in rural areas, designed to absorb surplus labour from farming. Thus, reducing rural poverty became ARDA’s overriding objective.

The Fund for Rural Economic Development (FRED), introduced in 1966, applied only in designated regions, with widespread low incomes and major problems of economic adjustment. In the end, five regions were identified under FRED: the Interlake region of Manitoba, the Gaspé Peninsula in Quebec; the Mactaquac and north-eastern regions of New Brunswick and all of Prince Edward Island. Separate “comprehensive development plans” were then formulated for those five regions to develop infrastructure and industry.²⁵

These initiatives were just the beginning. Rural development continued as Ottawa reinvented its approaches to regional economic development (see, for example, the Area Development Agency and a number of federal-provincial agreements to support rural development through General Development Agreements [GDAs, circa 1974-84] and Economic and Regional Development Agreements [ERDAs, circa 1984-94]). As a result, rural development was detached somewhat from the Department of Agriculture. It would have in future several homes in Ottawa’s machinery of government in addition to the Department of Agriculture, notably DREE, DRIE, ACOA, WD, Economic Development Agency of Canada for the Regions of Quebec and FEDNOR. In brief, the Department of Regional Economic Expansion (DREE) and its successors have introduced a number of rural development measures. That said, rural development was never a top priority for DREE or its successor departments and agencies, given their commitments to the growth pole concept and to an economic region broadly defined (for example, Atlantic

²⁰ Ibid. 187-8.

²¹ Ibid. 188.

²² Canada, www.rural.gc.ca/annualreport/2003

²³ Ibid.

²⁴ See, among others, Donald J. Savoie, *Regional Economic Development: Canada’s Search for Solutions* (Toronto: University of Toronto Press, 1992), chapter 3.

²⁵ Ibid. 27-8.

Canada, Quebec or Western Canada). The growth pole concept (circa 1969-1973) set the stage for what was to come—an emphasis on urban areas in slow-growth regions.

A cursory look at Ottawa's regional development policy from the early 1970s to today reveals that the bulk of the government's regional development spending has been concentrated in urban areas, notably spending under its industrial incentives programs. In a sense, one can argue that Ottawa's regional development policy has been quite successful—employment rates and earned income in Moncton and Halifax are not much different than London, Ontario, or Winnipeg. For whatever reason, Canada's regional development problem now has become an urban-rural divide. Rural Nova Scotia and rural Northern Ontario, for example, have a great deal in common, much like Halifax and Waterloo do.

That said, it is important to note that the Canadian government has continued to be active in the rural development field. Indeed, at no time in our history has the federal government abandoned rural Canada to market forces. More recently, Ottawa has turned to its Rural Secretariat to promote rural development. One of the Secretariat's objectives is to promote a greater understanding of the "unique needs" of rural communities through a "rural cross-cutting approach" involving federal government departments and agencies. Some thirty-two federal government departments came together in the early 2000s to form the Canadian Rural Partnership. In 1996, the government announced a 10-year infrastructure program and identified development funding for rural and northern communities and rural capacity building. In 1997, the government appointed a minister responsible for "coordinating rural affairs." From 1997 to 2006 the federal government sponsored a number of specific initiatives, including over 400 projects, to create sustainable community strategies.²⁶

The Secretariat's most recent annual report also documents a number of new initiatives sponsored by the Government of Canada for rural Canadians. Among many others, they include the National Rural Research Network (NRRN), measures to promote citizen participation, community capacity building, and the Rural Information Service. The Secretariat has five priorities: sustainable livelihoods, environmental stewardships, innovative approaches to rural infrastructures, engaged populations and institutions, and demographic adaptation. But that is not all. The Government of Canada also supports rural development through its Community Futures Program.²⁷ The program is present in all regions of Canada and they deliver a variety of services to small businesses, including financing and advisory services. It is designed to encourage a bottom-up, grassroots approach to economic development outside of major urban centres.

²⁶ Canada. *Canadian Rural Partnership: Responding to the Needs of Rural Canadians, 2004-2006*. Available at www.rural.gc.ca/annualreport/2004-06/horizontal_e.phtml

²⁷ See www.infoentrepreneurs.org

All of the above contribute to making the case that the Government of Canada has been and continues to be committed to rural development. Though one can question its level of commitment or the priority status it has or currently attaches to rural development, it is clear that the federal government saw and still sees a role for itself in rural Canada. The questions then are what role should the Canadian government assume in rural Canada and how should the machinery of government be structured to give life to this role?

What Role Should the Federal Government Have in Rural Development?

There can be no definitive answer to this question. The only possible answer is—it depends. It depends on the government in place and on a number of other factors. Some political parties favour a *laissez-faire* approach to economic development while others support public sector intervention. Some parties draw a large number of their Members of Parliament (MPs) from rural areas and they will bring a strong rural perspective to caucus deliberations. But that is not all. The government's fiscal ability to intervene is also an important factor. Spending proposals during the 1995-97 program review exercise, for example, had little chance of securing approval whether they were for urban or rural development, notwithstanding their merit. In addition, some rural communities may have strong growth potential with economic opportunities that qualify under continuing government programs while other communities may have little to offer. All to say that there is no point in attempting to define, with any degree of precision, what role Ottawa should play in promoting rural development because there are too many forces at play. Politics and political parties, by definition, promote different perspectives, solutions and policy prescriptions and communities offer different potential.

That said the federal government, no matter the political party in power, has a multitude of responsibilities in rural Canada. It holds jurisdiction, for example, over agriculture and the fishery and it is hardly possible to overstate the importance of Canada Post to rural Canada. Ottawa invests billions annually in research and development initiatives, in transfer payments to the provinces and individuals (consider for a moment the importance of the Employment Insurance program to rural communities) and in tourism. Ottawa holds jurisdiction over Aboriginal affairs and the growing population of First Nations tends to live in relatively small communities located away from large urban centres. Reserve economies also tend to be isolated from the economies of surrounding communities, leaving aside the purchases of goods and services. More to the point, there are a number of federal government programs in both the economic and social policy sectors that have or should have an important impact on rural Canada and this is true no matter which political party holds power in Ottawa.

Policies and programs are one thing; the capacity to weave the concerns of rural Canada, however defined, into Ottawa's policy and decision-making processes is quite another. The one

concern I heard time and again in my consultations for this report is the capacity or lack of capacity inside government to look at issues and public policy through rural “lenses” and to generate a horizontal perspective within the machinery of government on the challenges and program requirements in rural Canada.

Public policies are shaped by many forces – at the very top by politicians who are influenced by many forces, including interest groups, the media, and policy advice from the public service. As I observed elsewhere, politics in Canada is, by definition, bottom-up, with all voters having one vote. Its boundaries are defined by geography, by a constituency with community and regional interests to promote.²⁸ All politicians, but particularly in Canada, view things through regional or territorial lenses and look to the democratic process for guidance and a verdict on their performance. As many have observed, in politics perception is reality. Impatience rules in the political world: to an outsider, things appear far easier to fix than they do from within government departments. A long-term perspective in politics is four years and its practitioners must always remain in tune with the voters, who may not appreciate why solutions are not always at hand or being implemented.

National political parties do pay close attention to rural Canada. The National Caucus of the Conservative party, for example, has established a number of committees or special caucuses to consider specific issues relevant to rural Canada, notably one to review farm issues and another to look at forestry. An official with the Office of the Chair of the National Conservative Caucus also reports that there are informal “caucuses” or MPs coming together informally to review issues of mutual concerns and that there is probably one on rural Canada.²⁹ The Liberal caucus has a rural caucus now chaired by Larry Bagnell. The caucus is very active; it consists of 15 to 20 MPs and senators and meets weekly when Parliament sits. The rural caucus, which meets on Tuesday morning, reviews rural issues it wants to bring to the attention of the national caucus which meets the next day or on Wednesday morning. In addition, the Liberal rural caucus has produced a policy paper that looks at the socio-economic challenges confronting rural Canada and makes a number of recommendations including, among others, new investments to generate green energy (for example, wind farms), new investments in geoscience and funding to promote partnerships between rural and Aboriginal communities. It also calls for the appointment of a Rural Affairs minister.³⁰

The NDP recently asked its Agriculture and Agri-food critic to add rural affairs to his responsibilities. Alex Atamenenko and

²⁸ Savoie, D.J. 2003. *Breaking the Bargain: Public Servants, Ministers, and Parliament*. (Toronto: University of Toronto Press.

²⁹ Consultations (by telephone) with Amy Leindaber, November 9, 2007.

³⁰ *Rural Canada: Sharing the Wealth beyond Tomorrow* (Ottawa: The National Liberal Rural Caucus, undated).

³¹ *Understanding Freefall: The Challenge of the Rural Poor*, www.senate-senat.ca/agfo.asp

his office are now seeking input from various sources to define the challenges confronting rural Canada and outline possible policy prescriptions. Though the party does not have sub-committees or caucuses, the Bloc Québécois has a number of MPs from rural Quebec and rural issues will often dominate caucus deliberations. Louis Plamondon, the Chair of the Bloc Québécois caucus, also reports that there is an informal committee of caucus (four to five members) who meet on a weekly basis when the House is sitting to map out strategies to promote a regional perspective to economic development.

Government bureaucracy, in contrast to the political world, works top-down and transmits decisions and directives from higher to lower ranks. It consists of skilled policy analysts and administrators, and its boundaries are defined by hierarchy, not by geography. Its perspective is sectoral (for example, agriculture and energy). It is a very patient realm, which values consensus and considers itself the permanent custodian of society’s problems. The prime minister and the cabinet, meanwhile, are expected somehow to bring politics and bureaucracy together, and, in conjunction with Parliament, to express the public will and to establish the broad duties of the civil service.

The political world is sensitive to rural issues. For one thing, rural Canada, again *toute proportion gardée*, has more MPs than urban Canada. Canadian MPs invariably remain in close contact with their constituents and they are there to represent and promote the socio-economic interests of their constituencies. There are also many occasions for MPs to voice rural concerns: in caucus, in parliamentary committees and in question period. The Senate has also taken a keen interest in rural Canada. The Standing Senate Committee on Agriculture and Forestry recently launched an initiative to examine the dimension and depth of rural poverty in Canada, to carry out an assessment of Canada’s comparative standing relation to OECD countries, to examine the key drivers of reduced opportunity for rural Canada and to make recommendations for measures mitigating rural poverty.³¹ However, expressing the concerns of rural communities in national caucus and in national political institutions does not automatically mean that they will be translated into concrete initiatives or that national programs will be adjusted inside government to accommodate better the requirements of rural Canada.

Things are different at the bureaucratic level where rural issues are not always heard. As one observer put it to me, “The federal civil service is an urban institution.” The great majority of civil servants live and work in urban areas— Ottawa, Toronto, Montreal, Winnipeg, Halifax, Calgary and Vancouver— and the great majority of them attended university in an urban setting. Museums, cultural events, art galleries, the national media, government bureaucracies, the labour movement, research institutes, think tanks and lobby groups are, for the most part, urban institutions. In addition, government departments and agencies are organized around economic sectors, not geography, space or communities. The exceptions are the regional development agencies, but again their focus is on regions broadly defined, not rural communities or rural

Canada. In short, one can make the case, as many already have, that bureaucracy has inherent biases and that one of these biases is a strong urban perspective.³²

It may well be that when one wants to promote the concerns of rural Canada in Ottawa; one has to pull against gravity. The urban and Ottawa mindset will not automatically incorporate a rural perspective in their day-to-day week. It will be recalled, for example, that in late October 2007, it was discovered that more than one million rural voters had been disenfranchised through a recent change to the Canada Elections Act. The change required each voter to produce proof of identity and residential address before being allowed to cast a ballot. Those who drafted the proposed changes simply ignored the fact that many rural Canadians have post office boxes as addresses.³³

The Rural Secretariat

It is against this backdrop that the Rural Secretariat at Agriculture and Agri-food Canada tries as best it can to promote a rural perspective. To be sure, it will find more allies at the political level than in the bureaucracy. However, rural Secretariat staff members are professional, non-partisan public servants and they will, quite properly, not wish to be drawn into any partisan political debates. As a result, they must, as they have been in the past, be careful to avoid becoming a target for politically partisan purposes. The Secretariat's stated purpose is to act as a "focal point for the Government of Canada to work in partnership with Canadians in rural and remote areas to build strong, dynamic committees."³⁴ It carries out research, promotes networking and acts as a one-stop access to information of particular interest to rural Canadians.

One of the Secretariat's initiatives is what it labels the "Rural Lens." The Lens initiative is designed to raise awareness of rural issues in federal departments and agencies and to "highlight rural and remote implications for consideration by the Federal Cabinet when assessing the impact of new federal initiatives."³⁵ The Secretariat will turn to the following questions to promote its "lenses" initiative: How is this initiative relevant to rural and remote Canada? Is the impact specific to a selected rural or remote environment or region? Have likely positive and negative effects on rural Canadians been identified and, where relevant, addressed? Is the initiative designed to respond to the priorities identified by rural Canadians? Have rural Canadians been consulted during the development or modification of the initiative? How is the benefit to rural Canadians maximized? (e.g., cooperation with other partners,

development of local solutions for local challenges, flexibility for decision making)? There are several priority areas identified by rural Canadians and the Secretariat to guide the Secretariat's work and its activities. Among others, they include the promotion of rural Canada as a place to live, work and raise a family, the development of skills and technology to participate in the knowledge-based economy and rural community capacity building.

The Secretariat, with a modest staff and limited resources, seeks to influence a wide array of policy issues and a multitude of government organizations large and small, as well as submissions that go to cabinet. It sits inside a line department and must share its minister with its home department, Agriculture and Agri-food Canada. But that is not all. The Secretariat must compete with other departments, agencies and secretariats all trying to influence the government's policy and decision-making processes. Rural concerns must compete with regional development concerns, the promotion of official languages throughout government and the environment, among many, many others for attention. For this and other reasons, government managers implementing sectoral programs in Transport, Industry, and Energy now suffer from an overload of horizontal issues to deal with and it is in this environment that the Secretariat must operate.

The Secretariat also has another important limitation: it has limited staff in its efforts to influence the government or policy and decision-making processes and the numerous policy proposals coming forward to cabinet every month in Ottawa. The Secretariat has 100 person years spread over six regional offices with its head office located in Ottawa. It can only dedicate 10 person years to the government's policy-making process. In addition, it is important to stress that the Secretariat is housed within Agriculture and Agri-food Canada so that it must, at times, compete with its own parent department in briefing the minister before attending cabinet meetings since it does not have direct access to him or her.

Horizontal Policy Development

It is difficult to overstate the point that in many ways every issue in government is now horizontal. Public servants have repeatedly been told in recent years that they must "work horizontally" and pursue government-wide objectives more vigorously.³⁶ Prime ministers and clerks of the Privy Council Office have stressed time and again, at least for the past fifteen years, the importance of pursuing government-wide objectives.³⁷ However, saying that horizontality is important and delivering the goods on horizontality are two different things. Government wide objectives and horizontality have to deal with the individual accountability of ministers and also compete with activities that contribute to the mission and successes of individual departments and agencies.

A task force made of federal deputy ministers with a mandate to review horizontality in government concluded over 10 years ago that it had not uncovered the "philosopher's stone" that could put right what is a fundamental, permanent problem of

³² See, among many others, B. Guy Peters, *The Politics of Bureaucracy* (London: Longman, 1995).

³³ "Changes cut off rural voters: watchdog," *Times and Transcript*, Moncton 24 October 2007, p. 1.

³⁴ www.agri.gc.ca/policy/rural

³⁵ www.rural.gc.ca/checklist_e.phtml

³⁶ See, among others, *Managing Horizontal Policy Issues* (Ottawa: Deputy Minister Task Force, 8 July 1996).

³⁷ See, among others, various annual reports on the state of the public service prepared by the Clerk of the Privy Council and Secretary to the Cabinet.

governance. It added that it did not “discover new and revolutionary approaches to managing horizontal issues, but rather some simple, straightforward common sense initiatives that can improve the quality of policy development.”³⁸ The task force underlined the importance of the working relationships within Cabinet, between ministers and their senior advisors and between departments and also having in place a culture that promotes “collaboration and teamwork within the public service.”³⁹

CONCLUSION

What are the solutions?

1. Strengthening horizontality and policy coordination

The academic literature and practitioners have, over the years, produced a number of suggestions to strengthen horizontality and policy coordination in government. The deputy ministers’ task force reviewed a number of mechanisms already introduced in government to promote horizontality, including the establishment of the Coordinating Committee of Deputy Ministers (CCDM), the creation but, later, the abolition of ministries of State and mirror committees of deputy ministers (1978, 1979 and 1982), the weekly DM breakfast, the ADM (assistant deputy minister) forum and the setting up of various ad hoc task forces. The task force also made a number of recommendations to strengthen horizontality. They included: developing a “best practices” guide for teamwork in the federal government, recognizing the work of teams and team leaders through awards, incorporating teamwork in human resources management including staffing performance evaluations, promotions and training and development. It also called on the Coordination Committee of Deputy Ministers (CCDM) to establish pilot projects to test, refine and give visibility to new collaborative approaches.⁴⁰

The academic literature also offers a number of suggestions and the literature on horizontality and policy coordination has become voluminous in recent years.⁴¹ Some authors have identified conditions for enhancing horizontality, including: establishing clear goals, a widely held consensus that cooperation is the best way to proceed, identifying a win-win approach, leadership from top management, open

³⁸ *Managing Horizontal Policy Issues*, 1.

³⁹ *Ibid*, 5.

⁴⁰ *Ibid*, 30-33.

⁴¹ For a review on the topic, see Samuel Steinberg et al., *The Management of Horizontal Issues: An Annotated Bibliography* (Ottawa: CCMD, 2000).

⁴² Bourget, L. and Ryan, K. 1999. “Twelve Conditions for Collaboration,” *Journal for Quality and Participation*, 22(3).

⁴³ Lane, C. and Bachman, K. 1998. *Trust Within and Between Organizations: Conceptual Issues and Empirical Applications*. New York: Oxford University Press.

⁴⁴ Peters, B.G. 1998. *Managing Horizontal Government: The Politics of Coordination*. (Ottawa: Canadian Centre for Management Development, 29.

⁴⁵ Bakvis, H. and Juillet, L. 2001. *The Horizontal Challenge: Line Departments, Central Agencies and Leadership*. Ottawa: Canadian Centre for Management Development.

communications, clear expectations for roles and responsibilities, commitment to a positive work environment and a commitment to continuing learning.⁴² Other authors insist that “trust” is necessary before horizontality and effective policy coordination can take root. They add that trust needs to be process-based, character-based and institution based.⁴³

B. Guy Peters carried out a study for the Government of Canada to explore ways to strengthen “horizontal government,” He maintains that the failure to work horizontally in government is often at the policy level rather than at the management or implementation level. He looked at the work of central agencies and concluded that “central agencies can play a significant role in creating coordination, but they also can generate substantial conflict with the line organizations actually providing public services.”⁴⁴ Peters reviewed the pros and cons of assigning policy coordination to a senior minister or a junior minister (senior ministers may be too busy managing their portfolio or departments while a junior minister may not have the necessary political clout to be effective). He looked to “projets de mission” as in France and “Projektgruppen” as in Germany, to guide the work of line departments. He also looked at the budget process and informal networking within the public service to promote horizontality.

Two Canadian academics were also asked by the Canadian government to review its “horizontal challenge.” They consulted a number of public servants in producing their reviews and arrived at a number of observations and suggestions. They argued that the costs of working horizontally are higher than it is generally assumed, that central agencies play a key role in large-scale horizontal initiatives and that working horizontally inside government requires new abilities such as negotiation, communication and mediation skills. They recommended that, in future, efforts be made to clarify mandates, establish authority and reporting requirements ensure stronger policy expertise in central agencies provide for strategic funding, recruit staff with horizontal skills and create special units in departments with a mandate to promote a horizontal culture.⁴⁵

This review suggests that, as the deputy ministers’ task force on horizontality argued, no one has been able to uncover the solution to put horizontality right which it described as a fundamental and permanent problem of governance. Many reforms have been introduced over the past thirty years or so but all have been left wanting. To add to the difficulty, more and more issues that governments are now asked to address are horizontal in nature. The result is that rural Canada must compete with an increasing number of high priority cross-cutting issues and an overloaded policy agenda. What to do? Are changes to the machinery of government invariably the answer? If they are, what changes ought to be introduced?

The easy answer is to recommend that what is needed is a culture within government that values horizontality and understands rural Canada. Decision-makers should

accommodate rural concerns in their decision-making every day at work. They should be sufficiently aware and sensitive to rural issues that they would know intuitively how to adjust their programs and activities to accommodate the realities of rural Canada.

That is the easy answer but a change in culture is not going to take root because it is desirable or because rural Canada and rural MPs would like to see it happen. A change in culture that would bring the concerns of rural Canada front and centre in Ottawa's policy and decision-making processes requires above all political will and a clear message from the country's political leadership, as well as new instruments and processes that promote a change in culture that will give life to rural issues in Ottawa. In short, a change in culture will not occur in a vacuum.

It is not possible to overstate the case that political will expressed through a strong clear and sustained political message is needed for rural concerns to enjoy priority status on Ottawa's horizontal policy agenda. As already noted, the Ottawa agenda is crowded with horizontal issues all vying for priority status and, at the end of the day, the ones that matter most are the ones that the prime minister and key senior ministers want to pursue. There is simply no substitute. Without clear political commitment at the top, rural issues will join the ranks of many cross-cutting issues enjoying some success from time to time, but not in a sustained fashion. In brief, no tinkering with the machinery of government can ever make up for the lack of political will to make rural Canada a priority issue in Ottawa's horizontal world.

2. The machinery of government

What about the machinery of government? Here, we can draw on past experiences since it seems that everything has been tried to promote horizontal issues (dedicated central agencies, coordinating committees of deputy ministers, designated champions in departments, designating a senior minister, a junior minister, a parliamentary secretary for a special purpose) though all have been left wanting. For this reason, we do not recommend major changes in the machinery of government such as establishing a new central agency or even a new unit in a central agency.

Still, central agencies have an important role to play to support the political leadership once it gives rural concerns a priority status.⁴⁶ The Privy Council Office, the Department of Finance and the Treasury Board Secretariat will respond if the political leadership establishes rural concerns as a top priority, one of only a handful of horizontal issues that the government wishes to pursue. To be sure, selecting rural concerns as a priority issue requires hard choices. Such choices cannot be made by senior public servants or line departments and agencies. Only the political executives can make these difficult choices. Again, if they are not made, no machinery of government changes and no bureaucratic innovation will be able to compensate. At the

⁴⁶ Ibid, p. 52.

risk of sounding repetitive, only once it is clear that rural Canada enjoys priority status, will central agencies and line departments take ownership of the issue. All too often the machinery of government gets mixed messages, if not conflicting ones, from the political executive as it tries to sort out the government's priorities over the medium term.

3. The Rural Secretariat

What about the Rural Secretariat? We are convinced that rural concerns need a home inside the machinery of government. Rural Canada without a bureaucratic home would become dependent on rural MPs to give voice to its concerns. Rural MPs do not have the expertise, the time, or access to the bureaucracy to give life to rural issues inside government. The suggestion that the Secretariat could be abolished in order to make the responsibility for rural Canada a matter for all departments and agencies holds little merit. Experiences reveal that responsibility for an issue located in many departments means an issue has no home.

We can think of no better home than Agriculture and Agri-food Canada for the Secretariat. Though rural Canada in its various forms has outgrown the department, Agriculture and Agri-food Canada historically (and also because of its natural disposition) is closer to rural Canada than other department. Departments, like Industry Canada, would not see rural Canada as fitting into its mandate. The regional development agencies would have a better disposition towards rural Canada, but shifting the Secretariat to the agencies would leave most of rural Ontario and the North without representation inside the machinery. In addition, regional agencies have mandates that look to urban areas as much, if not more so, than rural communities.

The Secretariat, however, needs a higher profile to be effective. It must compete with departmental priorities and perspectives as it seeks to brief the minister to intervene both in cabinet and in the system to influence the policies and activities of other departments. The Secretariat's status needs to be enhanced so that it has direct access to a senior minister. The trade off between the concerns of Agriculture and Agri-food Canada and rural issues should be made at the political level, not inside the department.

We can only applaud the government's decision to give the Secretariat a capacity to bring a rural perspective to cabinet proposals coming from line departments and agencies. It needs not only direct access to a senior minister, but also a proper level of resources to pursue this mandate. It is beyond the scope of this report to assess the level of financial and human resources or the proper policy framework required to promote rural development in Canada. Whatever the appropriate policy framework, there is an on-going need to bring rural concerns and issues to the attention of policy makers and indeed to all Canadians. The Rural Secretariat should look to a variety of instruments to promote visibility for rural issues, to strengthen its capacity to network and to enhance horizontality in pursuing rural development. It should

also look to building bridges to groups outside government with an interest in rural matters.

The Federation of Canadian Municipalities, for example, has many members representing small rural municipalities. Provincial governments have, of course, a direct responsibility in promoting rural development and in dealing with rural issues. There are a number of federal departments, agencies and Crown corporations that have a direct role in rural Canada such as the regional development agencies and Canada Post.

4. Annual Rural Summit

The Secretariat should hold an annual summit on rural Canada that would bring together parties interested in rural Canada. If the federal government's political executive decides to rank rural Canada as one of its top priorities, then it should be easy to secure the prime minister's participation and those of senior ministers, the necessary resources to hold the summit, the attention of the national media, key stakeholders and, by ricochet, the interest of all relevant federal departments. The purpose of the summit would be to take stock of rural issues, what has been accomplished to date and determine the emerging challenges. The summit should lay the groundwork for developing a policy agenda for rural Canada, from a horizontal perspective, and identify instruments to promote rural Canada as a key horizontal issue to be pursued within the federal government.

There are important lessons to be learned from past efforts to promote rural Canada and its concerns. It is best, as Donald Johnson argued in his interview, to arrive with a positive message and solutions rather than simply criticizing what government has done or not done. The idea of an annual summit to which a number of key policy actors would be invited to participate, and take stock and plan new approaches to the challenges confronting rural communities from a positive perspective holds considerable merit.

APPENDIX A

Consultations:

Monique Collette, President
Atlantic Canada Opportunities Agency

David Slade
Atlantic Canada Opportunities Agency

Donna Mitchell
Rural and Co-Operative Secretariat

Christian Fortin (both face-to-face and telephone interviews)
Rural and Co-Operative Secretariat

Christine Burton
Rural and Co-Operative Secretariat

Susan Irwin
Federation of Canadian Municipalities

Michael Buda
Federation of Canadian Municipalities

Massimo Bergamini
Federation of Canadian Municipalities

Amy Leindaker (telephone interview)
Office of the Caucus Chair
Conservative Party of Canada

Charla Robinson (telephone interview)
Office of the Rural Caucus Chair (Ken Boshcoff, MP)
Liberal Party of Canada
* Please note that the current Chair is Larry Bagnell, MP

Councillor Leonore Foster (telephone interview)
City of Kingston

Gina Petrakos (telephone interview)
Office of Alex Atamanenko, MP
NDP Critic for Agriculture and Agri-food
Rural Affairs

Mireille Beaudin (telephone interview)
Office of Louis Plamondon, MP
Caucus Chair
Bloc Québécois

Louis Plamondon, MP (telephone interview)
Caucus Chair
Bloc Québécois

Ron Bell (telephone interview)
Association of Manitoba Municipalities

David Marit (telephone interview)
Saskatchewan Association of Rural Municipalities

Donald Johnson (telephone interview)
President, Alberta Association of Municipal Districts
and Counties