Introduction

This chapter explores distinctions in US and Canada local and regional development patterns that are framed by two approaches. The first approach is functional regional development – metropolitan regionalism – which is focused on the scale of the city-region. The second is territorial regionalism which defines the region not by the boundaries set by urban and industrial growth, but through natural resource or social-cultural spatial definitions. A further factor generating regional and local development distinctions between the two North American nations is their degree of governmental decentralization.

In Canada, coordination at the federal level has produced regional development characterized by priority-setting and targeted investment in city-regions and in industries and technologies. In the US, limited territorial-regional development programs are coordinated at the federal level while city-regional development is an ad hoc collaboration among states, local jurisdictions (towns, cities, and counties), and private interests. The resultant US regional development projects are generally aimed at discrete rather than comprehensive goals (e.g. transportation coordination; water resource management; targeted poverty alleviation and other specific economic development strategies).

Looking beyond the national level, this chapter explores international influences that are shaping the two nations’ local and regional development patterns. These include trade and immigration policies, divergent approaches to regional innovation systems and the coordination of national, provincial, and regional technology-led economic development. We conclude this chapter with a discussion of early evidence as to how the two nations’ local and regional development practices are being affected by the Global Recession as well as to the pre-existing challenges of climate change, inequality, and globalization.

Country overview

Canada and the United States are, respectively, the world’s second and third largest countries by physical size, but Canada has only one-ninth of the US population (Table 43.1). In fact, Canada has approximately 3.5 million fewer people than the State of California (36.8 million in 2008). In both countries, however, the population is overwhelmingly urban (80 percent), though Canada’s largest cities are significantly smaller than those in
the US (Figure 43.1). Ninety percent of all Canadians live within 160 km (100 miles) of the common border that Canada and the US share. Immigration is a larger driver of population growth for Canada than for the US, but Canada does not experience the same level of illegal immigration, largely because it does not share a border with a relatively poorer developing nation (Mexico).

Administratively divided into ten provinces and three arctic territories, Canada is both an independent sovereign democracy and a federal state. The US democracy is a constitution-based federal republic, and includes 50 states, the District of Columbia, and several territories. Among the many differences between the US and Canada, one of the most significant is Canada’s official bilingualism that formally recognizes its cultural diversity and inherent regional distinctions. Although the US is broadly diverse, it holds onto a single national identity and recognizes cultural distinctions and regional difference at the sub-national scale.

Both Canada and the US are considered affluent, industrialized nations with significant levels of advanced technology. Their gross domestic products are over the trillion-dollar level, though US GDP is 11 times greater than that of Canada’s. Further, nearly 30 percent of Canada’s GDP is still generated by industry, as opposed to services (70 percent), while industry only generates 20 percent of US GDP. US GDP per capita is 20 percent greater than that of Canada’s, but this is accompanied by a 40 percent greater level of family income inequality. Greater income inequality is a documented trend accompanying the shift to higher levels of service-based economies, and over the last three decades most of the gains in US household income have gone to the top household quintile (Blakely and Leigh 2010).

Significant increases in trade and economic integration between Canada and the United States have come about since the enactment of the 1989 US-Canada Free Trade Agreement (FTA) and its 1994 successor, the North American Free Trade Agreement (NAFTA) that incorporated Mexico. The US absorbs nearly 80 percent of Canadian exports annually, resulting in a large trade surplus for Canada. Further, most US energy imports (oil, gas, uranium, and electric power) come from Canada.

Largely attributable to its abundant natural resources, Canada’s economic growth from 1997 to 2007 was accompanied by balanced

Table 43.1 Key indicator comparison – United States and Canada

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Canada</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land area</td>
<td>9,093,507 sq km</td>
<td>9,826,630 sq km</td>
</tr>
<tr>
<td>Administrative divisions</td>
<td>10 provinces/3 territories</td>
<td>50 States/1 District</td>
</tr>
<tr>
<td>Population (2008 est.)</td>
<td>33.2 million</td>
<td>303.8 million</td>
</tr>
<tr>
<td>Net migration rate</td>
<td>5.62 migrants/1,000 population</td>
<td>2.92 migrants/1,000 population</td>
</tr>
<tr>
<td>GDP (2008 est.)</td>
<td>$1.567 trillion</td>
<td>$14.33 trillion</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Industry</td>
<td>28.4%</td>
<td>19.2%</td>
</tr>
<tr>
<td>Services</td>
<td>69.6%</td>
<td>79.2%</td>
</tr>
<tr>
<td>GDP per capita (2008 est.)</td>
<td>$40,200</td>
<td>$48,000</td>
</tr>
<tr>
<td>Trade</td>
<td>United States</td>
<td>Canada</td>
</tr>
<tr>
<td>Exports (2007)/imports(2008 est.)</td>
<td>78.9/54.1</td>
<td>21.4/15.7</td>
</tr>
<tr>
<td>Year became independent nation</td>
<td>1867*</td>
<td>1776</td>
</tr>
</tbody>
</table>

* Became fully self-governing in 1931.

federal budgets, unlike the US which has experienced trade and budget deficits over the same period. The US set off a Global Recession in 2008 due to its sub-prime mortgage crisis, falling home prices, slowdown in construction, failures in the banking and investment industries, and tightening of all types of credit. Canada’s economy was significantly affected.

Two analytical frameworks for local and regional development

North American regionalism has evolved along two major trajectories: functional and territorial. Functional regional development, or metropolitan regionalism, is focused on the scale of the city-region and parallels much of the regional development practices emerging in other developing countries (Pike 2009). Territorial regionalism defines the region not by the boundaries set by urban and industrial growth, but through natural resource or social-cultural spatial definitions. The tension between these regionalisms has been consistent in the US and less pronounced in Canada. Canadian coordination at the federal level has produced regional development projects characterized by priority-setting with provinces and targeted investment in city-regions, in industries, and in technologies (Wolfe and Holbrook 2000). While the challenge for Canadian federal regional policy...
has long been smoothing out the uneven development patterns between affluent and lagging provinces and rural and urban areas, these policies at the federal scale of governance have been consistent and coordinated (if not wholly effective) (Wellar 1981; Savoie 1986; Wolfe and Holbrook 2002; Doloreux and Dionne 2008).

The historical experience in the US is described in Friedman and Weaver’s *Territory and Function* (1979) and Markusen’s *Regions* (1987). The US experience with territorial regionalism is intermittent, with occasional federal policies targeted at specific technical challenges (rural electrification, the interstate system) or disadvantaged regions (Appalachian Regional Commission). The US experience with metropolitan regionalism is rooted in the continuing interest and concern of planners with metropolitan and urban governance and the challenges of urbanization, exemplified by the work of Clarence Stein, Lewis Mumford, Robert Moses and other metropolitan planners and regionalists (Caro 1974; Sussman 1976; Friedmann and Weaver 1979; Weir 2000). However, this strategy has been erratic in implementation with moments of dramatic policy shift (e.g. metropolitan governance in the Twin Cities and Portland; progressive cities initiatives, the Smart Growth Movement), and long periods of significant federal and state disinvestment (Clavel 1986; Orfield 1997; Dreier, Mollenkopf et al. 2001).

**Influence of decentralization on regional and local development**

A further factor generating regional and local development distinctions between the two North American nations is their degree of governmental decentralization. It has long been acknowledged in local and regional development that the delineation of administrative boundaries (i.e. a city or county’s legal boundaries) for a territory can create problems for planning and policy-making when they do not coincide with natural environmental boundaries (i.e. watersheds) or functional economic boundaries (i.e. a metropolitan economy that encompasses multiple county units of government or even states).

Because Canada is divided into only ten regional administrative units or provinces and three territories below the national level, there is much greater capacity to implement regional approaches than there is in the US that is divided into 50 states. Further inhibiting regional approaches in the US is the fact that states are subdivided into counties, each with their own local government. The total number of counties is over 3,000, compared to 288 Census Divisions in Canada – the most analogous geographic unit. Furthermore, the number as well as land area of counties varies widely amongst US states (for example, the State of California with a land mass of nearly 156,000 square miles has 58 counties while Georgia’s nearly 58,000 square miles are divided into 156 counties (Blakely and Leigh (2010)). Finally, in addition to its county units, the US has approximately 35,000 municipalities and towns.

In the US, local economic development has historically been defined as job or wealth creation (Fitzgerald and Leigh 2002). With few exceptions, the approach has been market-based and modeled explicitly on export base theory. Consequently, policy has taken two interrelated forms: (1) tax-based subsidies to individual firms (usually basic) intended to influence their location decisions, and (2) redevelopment incentives to increase property values (Malizia and Feser 1999). In the first case, that of firm-specific subsidies, results are measured in terms of jobs created. In the second, the measure of success is an increase in the local tax base. Redevelopment has been particularly favored in cities because of its potential to increase property values (Sagalyn 1997; Fainstein 2001).

The efficacy of these strategies has been critiqued for 60 years but those responsible
for implementation have shied away from accounting for their results. When they have done so, stated objectives were rarely achieved (Bartik 1991; Bingham and Mier 1997). More recently, ideas counter to this economic development practice have gained popularity. They include concepts such as regional innovation systems, the creative class, industry clusters and sustainable economic development (Porter 1998; Cooke 2002; Florida 2002; Newby 1999; Leigh and Fitzgerald 2002). These strategies tend to emphasize regional solutions to shared problems and a reorientation of investment to innovative institutions, human capital, and emerging (green) technologies rather than direct firm subsidies (Clark and Christopherson 2009).

In Canada, the practice of local economic development, particularly the focus on firm attraction, retention, and expansion strategies has been generally consistent with US practice. However, while the Canadian model is business-oriented, it has included a broader commitment to distributional equity. In other words, the distributional concerns surface in assessing both the allocation of costs and benefits of development. While this practice is uneven across Canada (as it is in the US), the growth of neoliberalism within Canada in the past 15 years has eroded the commitment to social services and distributional equity (Reese and Fasenfest 1996; Reese and Rosenfeld 2004).

The US has limited territorial-regional development projects coordinated at the federal level while city-regional development is an ad hoc collaboration among states, local jurisdictions (towns, cities, and counties), and private interests. Much of the country’s local and regional development patterns are shaped by political fragmentation and competition between jurisdictions. The federal government does not have a pro-active policy of encouraging cooperation between states, and instances where states encourage cooperation between counties or municipalities are rare. There are, however, instances where states have banded together to protect their common regional interests and obtain federal resources. For example, the Northeast-Midwest Institute was formed during the 1970s when states in those two regions (which came to be called the Rustbelt) were beginning to experience severe de-industrialization effects. The Institute, focused on creating economic vitality, environmental quality, and regional equity for Northeast and Midwest states, has close ties to Congress through the Northeast-Midwest Congressional and Senate Coalitions. These bipartisan coalitions advance federal policies that can enhance the region’s economy and environment (see www.nemw.org). State governors from the South also formed an organization to promote their regional economy and quality of life in the 1970s. The Southern Growth Policies Board represents the 13 southern states as well as Puerto Rico and partners with legislative groups as well as others to promote its development agenda (see www.southern.org).

The United States’ limited territorial-regional development projects are generally aimed at discrete rather than comprehensive goals (e.g. transportation coordination; water resource management; targeted poverty alleviation and other specific economic development strategies). However, the most significant transportation project for regional development was not specifically targeted to regions. It was the National Interstate and Defense Highways Act of 1956 which led directly to the auto-dominated pattern of local and regional development that is now creating significant problems for the goals of sustainability. Other federally funded “Development” highways were later piggy-backed onto the 1956 Act and targeted some of the country’s poorest regions.

The Tennessee Valley Authority Act of 1933 is an early example of the federal government’s targeted regional development program. In a letter to Congress, President Franklin D. Roosevelt described the new entity’s responsibilities as: “planning for the proper use, conservation, and development of natural resources of the Tennessee River
drainage basin and its adjoining territory for the general social and economic welfare of the Nation” (Owen 1973: 14, requoted in Forrest 2002). Subsequent major federal targeted regional development programs include the Appalachian Regional Commission (1965), Delta Regional Authority (Mississippi 1965), Denali Commission (Alaska 1998), Interagency Task Force on the Economic Development of the Southwest Border (1999), and the Northern Great Plains Authority (2002).

The largest impetus for US local and regional development planning, however, is found at the metropolitan level. While the quote below is from 2008 (Mitchell-Weaver et al. 2000), observe that the roots of US metropolitan regionalism began in the early nineteenth century. Moving into the twentieth century, they write that US metropolitan planning was a reaction to the second industrial revolution and focused on four themes: housing reform, park and boulevard planning (a component of the City Beautiful Movement), using social statistics and land use data to plan for metropolitan expansion, and government reform targeting professionalization and annexation. This planning was initiated by civic associations, the most famous of which continues to be the Committee on Plan of New York which published its first plan for the metropolitan area in the 1920s. The committee is now known as the Regional Plan Association and encompasses 31 counties in the tri-state area of New York, New Jersey and Connecticut. It has made two major revisions to the metropolitan plan and is now focused on implementing the third plan in the areas of community design, open space, transportation, workforce and the economy (see www.rpa.org).

The federal government did not become involved with metropolitan problems until the Great Depression. There has never been a major movement to create actual metropolitan government at the federal level; there have been efforts to create greater intergovernmental cooperation such as the Advisory Commission on Intergovernmental Relations established by federal legislation in 1959, and the creation of coordinating agencies in the form of Councils of Governments and Metropolitan Planning Agencies. Support for these efforts began to wane under the Reagan Presidency (Mitchell-Weaver et al. 2000). By the 1990s, however, sprawling metropolitan areas became a key focus of federal, state, and local government. In 1996, the US Environmental Protection Agency partnered with non-profit and government organizations to create the Smart Growth Network which advocates for compact growth (see Smart Growth Network, www.smartgrowth.org). Growing attention has been focused on intra-metropolitan changes such as declining inner-ring suburbs, new residential growth in some downtowns while others are hollowing out, new suburban and exurban immigrant populations, and widening inequality (Lee and Leigh 2007).

The importance of metropolitan areas to national and state economies argued in the quote below is reinforced and extended by two additional concepts. First, clusters of metropolitan areas are growing into “megaregions” that cross state boundaries and represent a new form of functional regionalism (Goldfeld 2007). Second, the largest metro areas have become global cities that are characterized by Sassen (2006: 54–55) as “partly denationalized territorializations with considerable regulatory autonomy through the ascendance of private governance regimes” (2007: 54–55). Katz et al. (2009: 23) argue that:

America doesn’t really possess a national economy, or even a collection of 50 state economies. Instead, America’s long-term prosperity stands or falls on the more local prosperity of its 363 distinct, varied, clustered, and interlinked metropolitan economies, dominated by the 100 largest metros—many of which cross county and state jurisdictions and incorporate multiple city centers, suburbs, exurbs, and downtowns in a way that the old hub-and-spoke model
of urban geography never did. In that sense, America is quite literally a “MetroNation,” utterly dependent on the success of its metropolitan hubs.

**Targeted local and regional development policies**

Emerging technologies and industries have had a significant influence on North American local and regional development policies. Industry cluster strategies dominated the local and regional economic development policy discourse and practice in the 1990s, stimulated by the success of Silicon Valley and Michael Porter’s “diamond” model for national and regional competitiveness (Porter 1990). In recent years, cluster strategies have merged with local and regional technology-led development strategies, including sustainable or green technologies and industries (Martin and Mayer 2008). Concurrently there has been a renewal of local and regional development policies focused on human capital, regional capacities, and innovation systems.

The merger of regional economic development strategies and technology-led or innovation-based policy has led to multi-scalar innovation systems in many industrialized countries including in North America (Pike et al. 2006). The intentional placement of the region as the central scale of economic development investment characterizes these systems and policy approaches (Perry and May 2007). This model of technology-led economic development integrating innovation and commercialization strategies with regional development objectives arrived in the US and Canada in the 1980s (Roessner 1985; Feller 1997). The impetus to reorient economic development policy was precipitated by a popular perception of a wide gap between innovation and commercialization in both Canada and the United States.

The emerging economic development models in North America integrated technology investment with traditional economic development practices using a targeted industry or technology approach, often based on a clusters framework (Doutriaux 2008). The celebrated success of Silicon Valley, particularly during a period when other regions were experiencing precipitous declines, shaped much of US regional development since the 1980s (Saxenian 1994). These strategies developed as cluster-based approaches, often linked to research centers and frequently based in universities. While primarily articulated at the regional scale in the US, the cluster-based approach was adapted in other countries as national industrial policy or as science and technology policy in an effort to initiate, through policy and planning the connection between technology and the growth seen as the root of the Silicon Valley success story (Bluestone and Harrison 1982; Atkinson-Grosjean 2002; Hospers et al. 2008).

In the United States and Canada, the technology-led economic development strategies neither began with the major policy transformations of the 1980s nor followed the same path. In both countries, the “Centers of Excellence” or “Innovation Centers” model represented a simultaneous expansion and deviation from the network of national government labs implemented over the post-Second World War era and sponsored by a variety of national-level agencies. The emphasis of the traditional research centers was a sector of the economy (e.g. energy or defense) rather than a specific industrial sector (e.g. automobiles or semiconductors) or a targeted technology (e.g. biotechnology, nanotechnology, or optics and photonics). This new economic development involved several key elements: inclusion of technology transfer, emphasis on the collaboration between academic and industry researchers with the goal of commercialization, reorientation toward an emerging technology rather than an established industry sector, and recognition of the role of regions as engines and containers of agglomeration economies (Rood 2000).
In the mid-1990s, the US and Canada undertook two different national strategies aimed at institutionalizing technology-led economic development at the sub-national scale. These two paths, the decentralized US approach and the coordinated Canadian approach, in many ways mirrored the previous policy path dependencies in each country and their divergent approaches to the role of government in the distributional consequences of economic development planning.

In Canada, the National Centers of Excellence (NCE) program began as a partnership of Industry Canada and three other federal agencies: It was based in universities and emphasized a “distributed network approach.” This approach took two directions. It paired a national network of scientific excellence with a local network of firms and industry actors. Thus, the Centers of Excellence were embedded in existing regional industrial clusters and connected across Canada to a national research network (Globerman 2006). In general, funding of scientific priorities has been set by the federal government and implemented through the university networks and regional institutions (Salazar and Holbrook 2007).

In the US, the technology-led development model took several paths following parallel but less coordinated tracks at the state and national levels. At the national level, a Centers of Excellence model was implemented incrementally through the existing framework of the National Science Foundation. These centers never emerged as linked, in design or in practice, to regional innovation systems or as active and consistent coordinators of regional economic development strategies. A version of that center model, closer in character to the Canadian NCE project, emerged instead at the state level in the US. Beginning in the late 1990s, several states in the US recognized the potential of university-based technology-led development strategies as a mechanism for broader regional economic development spillovers through investment in research and development infrastructure and an emphasis on technology transfer (Feller 1997). In particular, the Centers of Excellence in Ontario impressed state-level policy-makers in the US. In New York, Georgia, and Texas the model emerged as explicit components of state-driven regional innovation systems intended for economic development and based, in part, on an industry clusters analysis (Christopherson and Clark 2007).

In New York, the implementation of these centers was accompanied by promises of impressive job growth, a traditional economic development metric from industry investment. Like the Canadian NCE program, the state-level Centers of Excellence programs oriented toward existing industry clusters, regional technology specializations, or specified national or state priorities (e.g. genomics or stem cells). Unlike the Canadian programs, the proliferation of state-level technology-led regional economic development strategies developed without explicit multi-scalar coordination, thus magnifying existing issues of interjurisdictional competition for public and private investment (Malecki 2004; Christopherson and Clark 2007).

At the center of the collaborative, Canadian approach has been the “distributed network model” in which technology-led economic development strategies interact with and complement existing concentrations of capital (human, social, and venture) in dominant urban areas. The distributed network model explicitly takes the tension between the goal of providing national access to education and research resources with the imperatives of the highly concentrated and localized geographies produced by both agglomeration economies and the policies intended to support them (e.g. technology transfer). Although it remains unclear whether lagging regions are advantaged through the distributed network model, the Canadian approach attempts to avoid working against the economic success of peripheral regions (Doloreux 2004; Trippl and
Tödtling 2007; Doloreux and Dionne 2008). In the US, the absence of a coordinated strategy results in a devolution of equity and distributional concerns to the state and local scale.

**Evolving perspectives**

Prior to the Global Recession which began in 2008, there were key distinctions in how the two nations’ local and regional development practices responded to the challenges of climate change, inequality, and globalization. For example, Canada was one of the original signatories of the Kyoto Protocol in 1998, but the two-term Bush Administration refused to sign. However, a local level movement begun by the Mayor of Seattle led to more than 900 towns and cities signing the treaty by early 2009. Further, five years after Canada signed onto the Kyoto Protocol, rising oil prices made Alberta’s oil sand production commercially profitable for the first time in decades. Oil sand production is estimated to emit three to five times more greenhouse gases than conventional production. In the US, green economy initiatives at all government levels are one of the key features inserted by the new Obama Presidential Administration into the multi-billion stimulus package initiated by the outgoing Bush Administration and left for passage and implementation by its successor. Beyond the stimulus package, the new Administration quickly began to move to control US greenhouse gas emissions. As the major consumer of Canadian oil, this move may cause US firms to meet their oil needs elsewhere, thereby creating conflict between the two nations and challenging the possibility of a North American Climate Change Agreement to complement the existing Free Trade Agreement.

The Global Recession has the potential significantly to alter the path of world development, although the full extent and nature of the alteration will not be known for some years. Canada’s banking sector, known for conservative lending practices and strong capitalization, cannot be implicated in the economic downfall. However, a key fallout of the mismanaged US banking sector is the decline in US housing and commercial construction and sales, new car sales, and world commodity prices. This, in turn, particularly affects the regional economies of Canada that supply these different segments of the US market. Moreover, it is possible that the heated incentives competition for global capital (Markusen 2007) that has been pursued by economic developers in both countries in recent decades will be halted.

Prior to the Global Recession’s onset, efforts in both Canada and the US to promote local resilience and sustainability were gaining momentum (see, for example, the MacArthur Foundation-funded Building Resilient Regions network: brr.berkeley.edu). In Canada, struggling rural economies were part of the impetus while a key driver of the US movement has been the urban tragedies of the attack on New York’s World Trade Towers and financial industry on September 11, 2001, and Hurricane Katrina hitting New Orleans in 2005. In particular, Katrina showed just how devastating the impacts could be on a concentrated urban poverty population of a region that mismanaged its flood plains and disaster responses.

For evolving North American perspectives, we can consider whether local and regional sustainability and resiliency initiatives, as well as the megaregion movement, suggest the emergence of a new regionalism that seeks to incorporate the perceived conflicting goals of competitiveness and sustainability. In the US, prior even to President Obama signaling support for green economy initiatives, this does appear to be the case. However, while it is too soon to know whether these will generate fundamental changes in the theory and practice of functional and territorial regional development, they clearly warrant close watching.
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Further reading


