Policy Design in Rural Manitoba: Alternatives and Opportunities in the Midst of Change

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I. INTRODUCTION

Recent changes in rural Manitoba have, like elsewhere in the country, inspired calls for new perspectives and ideas about rural policy. While structural changes such as amalgamations are common, on-going questions about regionalized models, the relationship between municipality and province, the capacity of rural municipalities to be or become sustainable, and the long-term implications of prior developmental strategies are important factors for rurally-targeted public policy. Following the municipal changes of 2014, this paper examines the role of local governments in delivering “Rural Policy” in light of increased attention to regional perspectives for policy, investment and development in rural Manitoba. Building on the content of the Rural Works! think tank held in Brandon in November 2014, this paper takes a policy design approach to rural policy for Manitoba, and concludes with key recommendations for rural policy action in the province.
II. RE-CONCEPTUALIZING RURAL CANADA: GETTING BEYOND STRUCTURAL REFORM

In their attempts to strengthen local governments, provinces in Canada have largely relied on structural reforms. From about 1960, and roughly every ten to fifteen years, provinces initiate efforts to consolidate municipal units or introduce regional or a second tier of local government (Hodge 2001). As Sancton (1993) reported along with others, historically there were major interventions in Alberta in the form of annexations around Calgary and Edmonton, along with the consolidation forming the municipality of Crowsnest Pass and the unified Sherwood Park, unifying the urban area of Fort Edmonton and 49 rural neighbourhoods (Alcinli 2014); Ontario and Quebec created two-tier urban-centred municipalities including Waterloo, Toronto, Montreal, and Quebec City, while Quebec for the last decade has promoted and funded regional development through rural pacts (Province of Quebec 2011); New Brunswick dramatically eliminated county governments and recently proposed municipal consolidations (Finn 2008; Slegtenhorst 2008); and Manitoba reformed Winnipeg’s governance into a single-tier, then legislated a partnership to institutionalize communications and cooperation among 15 surrounding municipalities (i.e. The Capital Region Partnership Act, 2005, C.C.S.M. c. C23), and most recently has taken steps to modernize rural municipal governments. It is this last effort which is most applicable to this paper, in part because it almost exclusively targeted municipalities in rural areas. Yet, despite these provincial efforts, there is no universal local government system in Canada. In addition, the provinces differ in their approach to developing local government as much as they differ in their history, culture, geography, and economy. By 2000, observers were commenting that many provinces face similar challenges with large territories, low population densities, and often too many local units of government (Martin, Paget and Walliser 2012). In fact, across Canada, the majority of the 3,600+ municipalities have small populations with limited capacity to deliver essential services, let alone to “do” development (Commonwealth Local Government Forum 2009; Hallstrom et al. 2012).

Many provinces have relied on voluntary municipal amalgamations. If the parties agree, there is little fanfare and a business-as-usual approach employs existing legislation to sequentially adjust boundaries and evoke a
new corporate name; in time, consolidation occurs with planning and other local activities, while rationalizing and harmonizing staff levels, responsibilities, and procedures. What results is a new municipal entity that is (generally) intended to lower the cost of delivering services. There has been little success in reaching beyond a simple consolidation in order to amalgamate all the relevant jurisdictions within the functional economic region, which is a key for pursuing economic development objectives (Partridge and Olfert 2011). A functional economic region, by definition, means that the benefit of a development investment is received by regional residents because a functional economic region means that very few individuals commute into the region and very few commute out of the region. Economic development initiatives at the community level are, in essence, pointless because someone from the next community can easily commute to your community to accept a new job and thus the benefits of the investment leak outside your community.

Against this background of a traditional approach and voluntary amalgamation, there are clear signs a new approach is emerging regarding the re-structuring of local government. As Douglas (2005) noted, re-structuring initiatives should positively facilitate the overall development of rural communities and environments. By the early 1990s, the vanguard of change challenging all levels of government was privatization and “customer” engagement, best encapsulated in Osbourne and Gaebler’s Reinventing Government (1992). A decade later, this same intention emerged where Barzelay (2001) points to a new public management with an ideological change from the traditional top-down to engaging local government within a context of a more negotiated environment. Here local politics are important and need to be included as part of a provincial government’s amalgamation initiative, as the province tries to strengthen local governments (Sancton 2000). Strengthening and building communities from the inside out is consistent with an approach where assets-based actions support endogenous development in communities (Kretzmann and McKnight 1993). In Canada, provincial governments remain responsible for local governments, as stated in the Constitution Act. However, successive federal governments have been directly influencing local governments with such interventions as the gas tax rebate funding which was made available only after a local strategic plan was in place (Berdahl 2006), and by funding regional partnerships to welcome new residents to the regions (Canada 2009). The new public management is
less state-centred and less a directed intervention and more of a facilitated intervention that engages, enables and invites more bottom-up involvement. This engagement means moving beyond what has been called a “strategy of gentle imposition” in British Columbia (Tennant and Zimhelt 1973: 124), to one where local governments take responsibility for monitoring their own health and choosing their responses.

The recent amalgamation of municipalities under 1000 citizens (which coincided with the emergence of a new Municipal Modernization Act or “Bill 33” (S.M. 2013, c.10)) in Manitoba required at least 85 different municipalities to amalgamate. Based on a two-year process (beginning November 2012), for many this marked both a potentially flawed process and a recurring pattern of restructuring for rural municipalities. In fact, this form of intervention is common across the country, and is consistent both with broader neo-liberal principals of efficiency and collaboration as well as the need to modernize and improve municipal government. Especially in smaller municipalities (which are disproportionately impacted by the loss of citizens to urban or other rural centres), rural policy issues of capacity, problem solving and unanticipated consequences are well documented (Hallstrom 2012; Beckley et al. 2008).

Such issues raise serious questions about prior approaches to “rural policy” in Canada. However, if what is needed at the provincial level is a new perspective on rural policy, from where should such a policy be derived? As a guiding example, this paper takes an event that claimed to be providing exactly such direction, the 25th Anniversary Think Tank for the Rural Development Institute (RDI) in Brandon, Manitoba. Grounded in the context of the economic and demographic realities of Manitoba (including shifting population and economic distributions), this event articulated a rationale and approach for conceptualizing the design and implementation of rurally-focused policies. The research question guiding this paper is: What approaches to rural development should be considered and potentially adopted in Manitoba in order to structure a “Rural Policy” for the province? Based upon the results and content of the RDI 25th Anniversary Think Tank held in November, 2014, we argue that: (1) the municipal amalgamations of 2014 should represent a starting point for a broader shift toward more holistic approaches to rural community development that extend beyond just economic development; (2) such reforms should trigger a broader reformulation of how both the province and rural municipalities approach developmental policy; (3) amalgamation
can lead to innovative regionalized approaches to economic development, service delivery and governance, but not necessarily or solely based upon geographic considerations; and (4) amalgamations and regionalized consolidation present long-standing institutional and representative challenges (and opportunities) that must be considered moving forward.

We pursue this line of argumentation by examining a contextually-appropriate approach to public policy for rural development that includes, but extends beyond conventional strategies for sectors (e.g., agriculture, forestry, mining, etc.) and strategies for financial capital. This approach, which is grounded in policy design’s core elements of values, audience and context (see for example Bobrow and Dryzek 1987), links three key considerations: (1) the post-amalgamation context of rural Manitoba; (2) the importance of expanded conceptions of development and capital in rural communities; and (3) the value of regions as both level of analysis for public policy and for governance. In doing so we: (1) examine the status of rural Manitoba from social, policy and economic perspectives to provide an up-to-date context; (2) situate that context and expanded policy audience within a key consideration for rural policy: the need for a more expansive conception of wealth and capital accumulation in rural communities that is more generally aligned with the Organisation for Economic Co-operation and Development (OECD) New Rural Paradigm (OECD 2006); (3) assess directions and prescription (i.e., values) for adaptive design of rural policy in Manitoba derived from the Rural Works! think tank of November, 2014.

III. RURAL POLICY AND PUBLIC POLICY IN RURAL CANADA

A. What is “public policy”?

While numerous definitions of politics have been put forward, perhaps the most straightforward is in the classic words of Thomas Dye, public policy is “anything a government chooses to do or not to do” (Dye 1972:2). This definition provides two key components for better understanding what exactly public policy is: (1) the agent of public policy-making is first a government (only the actions adopted or endorsed by the government constitute public policy); and (2) public policy involves a deliberate decision by governmental actors to pursue a specific course of action or inaction (Howlett and Ramesh 2003).
Despite these apparently simple characteristics, public policies rarely deal with a single issue or problem. The reality of contemporary politics means that policies face “clusters,” “nodes” or “messes” of entangled problems, many with contradictory or exclusive solutions and supporting actors. Policy problems thus need to be understood as sets of interconnected problems with highly ambiguous boundaries or limits (Pal 1997). Such problems present challenges to both the solutions presented (levers for change) (Meadows 1997), and their evaluation. Particularly for geographically or population-based policies, both policy-makers and administrators are increasingly pressed to demonstrate and acknowledge the impact of their actions (or inactions) across sectors where they may have limited authority, mandate or influence.

Canada’s policy activities as a state have grown to encompass almost every aspect of social, political, cultural, and economic life, both as a regulatory and decision-making body and as a redistributive body. For example, public policy-makers in all market economies enact laws to ensure that markets can function (e.g., standards and inspections for weights and measures, trade protocols, enforcing bills of lading, banking regulations, phytosanitary standards and inspections for food, etc.). The Canadian state is also involved in the provision of education, post-secondary education, health care, public health, income support, communications (including Canada Post), fiscal federalism (the redistribution of funds between subnational units), environmental protection and management, cultural and linguistic protection, unemployment insurance, pensions, natural resources protection, management and extraction, and infrastructure. As a result, not only is the state involved in almost every aspect of Canadian society, life and economics, but this very involvement makes public policy and, in particular, the role of the Canadian state as an owner, regulator and distributor of resources, a highly contested factor in the social, economic, health and environmental equities of its citizens. For many rural communities, these inequities compose a core element of their sustainability problem (Hallstrom 2008).

B. What is “rural”?

Although defined in different ways by different political institutions and organizations (Alberta, for example, commonly defines rural as anything other than Edmonton, Red Deer and Calgary, while Statistics
Canada uses a population cut-off of 10,000), rural is perhaps best defined by density and distance. Most other attributes typically assigned to “rural” are characteristics of places defined by (low) density and/or (long) distance to density. At a functional level, “rural” means (low) density and/or (long) distance to density (Reimer and Bollman 2010). Naturally, there are distinctions between both. If citizens reside in a low density locale that is a long distance from a high(er) density locale, that community is “really” rural, while a low density locale near to a high(er) density locale (such as Sanford, MB), is a “rural” community within a “metro” region. If you reside in a high(er) density locale far from a “metro” region, you experience a “small” town community but you lack access to a larger metropolitan market to sell your goods and services (and you lack access to the services provided by a metro centre) (such as Dauphin, MB). Basing a broader approach to rural policy within such a context (which examines the relative position and relationships of different communities) is an important element to maintain in terms of policy design, as it establishes not only a broader context for rural policy, but also the relevant audiences and values at play (Bobrow and Dryzek 1987).

Rural communities in Canada have historically been identified by a reliance upon primary resources (energy, forestry, fisheries and agriculture), as well as structural factors such as distance and density. They are also are increasingly viewed with negative connotations. Stories of hospital closures, out-migration of youth, and business closures in rural communities frequently figure large in newspapers and the evening news. Low population densities and high distances to urban centres are often (even if implicitly) at the core of these stories, but rural policy(ies) cannot necessarily address such issues. Instead, public policy should seek to support opportunities for rural regions who can valorize the rural advantage and uniqueness of low density or distance to density or both.

For economic development, there are strong and long-standing arguments for the shift from municipal to regional—specifically, a functional economic area, as proposed by Stabler and Rounds (1997), Stabler and Olfert (2002), Munro, Alasia and Bollman (2011) and Ashton, Bollman and Kelly (2013). Much of the logic for this shift is driven by both economic and technical changes. In the past 100 years, rural Canadian society has changed from a “short-distance” society (often delimited by the distance one would take a horse and wagon in day) to an “arena” society. In the contemporary context, each household member
drives in multiple directions for their respective jobs, their respective education (violin lessons, college, etc.), their respective recreational endeavours (hockey, curling, fitness, etc.) and their respective cultural endeavours, etc. (Fuller 1994; Persson, Westholm and Fuller 1997). Given this reality, it is increasingly argued that employment and broader developmental strategies need to be pursued on a regional basis because workers throughout the functional economic area cannot only access employment in multiple areas of that region (Partridge and Olfert 2011), but new ideas and opportunities often emerge from sources within (and beyond) the region and outside the immediate locale (Crescenzi, Gagliardi and Percoco 2011).

In light of this reality, and the broader global trend away from sectoral support (e.g. agricultural subsidies), a more place-based (contextual) approach to both public policy in rural settings, and broader “rural policy” has grown in favour (OECD 2006). Emphasizing investment, capacity-building, integration and territorial factors (rather than purely sectoral approaches) for policy, the “new rural paradigm” put forward by the OECD in 2006 noted 6 key innovations:

- a shift from an approach based on subsidising declining sectors to one based on strategic investments to develop the area’s most productive activities;
- a focus on local specificities as a means of generating new competitive advantages, such as amenities (environmental or cultural) or local products (traditional or labelled);
- more attention to quasi-public goods or “framework conditions” which support enterprise indirectly;
- a shift from a sectoral to a territorial policy approach, including attempts to integrate the various sectoral policies at regional and local levels and to improve co-ordination of sectoral policies at the central government level;
- decentralisation of policy administration and, within limits, policy design to those levels; and
- increased use of partnerships between public, private and voluntary sectors in the development and implementation of local and regional policies.
IV. RURAL POLICY DESIGN

Like other forms of policy design, rural policies require three elements: (1) values; (2) context (of policy, and policy analysis); and (3) audience (including the characteristics, wishes and proclivities of those in a position to further, or hinder, the implementation and effectiveness of a policy) (Bobrow and Dryzek 1987). What follows is a necessarily brief identification of each of these elements for rural Manitoba, with the goals of both situating and informing a policy approach for rural Manitoba based upon community capacity, community capitals and sustainability.

A. The Manitoba Context

*Rural Manitoba is growing*

The population of rural Manitoba has experienced growth and changing dynamics over the past 20 years. The rate of rural growth is positive, but lower than that of urban areas. Young Aboriginal populations and the arrival of new immigrants are additional contributing factors to rural Manitoba’s population growth. A rural policy in Manitoba must consider the nuances of rural population growth and its uneven geographical distribution.

In 2014, Manitoba’s non-metro population had grown to 499,000 (Figure 1 and for details, see Bollman 2014a). In fact, in each year since 1996, the non-metro population has grown (the height of the bars in Figure 2 show the percent change in population, compared to the previous year). In the nearly two decades up to 2014, Manitoba’s non-metro population has maintained a 40 percent share of Manitoba’s total population (Figure 3).
Figure 1: Manitoba's non-metro population reached 499 thousand in 2014.

*Data for 1996 to 2000 are classified according to the 2006 grid for CMA boundaries and data since 2001 are classified according to the 2011 grid for CMA boundaries.
Source: Statistics Canada. Annual Demographic Statistics. CANSIM Table 051-0001 and 051-0056.

Figure 2: Manitoba’s non-metro population has grown continuously since 1996.

*Data for 1996 to 2000 are classified according to the 2006 grid for CMA boundaries and data since 2001 are classified according to the 2011 grid for CMA boundaries.
Source: Statistics Canada. Annual Demographic Statistics. CANSIM Table 051-0001 and 051-0056.
As these graphs demonstrate, rural Manitoba is growing—not everywhere, but rural Manitoba is growing. Thus, there are opportunities for public and private investment in many parts of rural Manitoba.

**Rural development is getting harder:**

The demographic characteristics of rural population growth are important. Like many other rural spaces, non-metro Manitoba is approaching the scenario where there will be fewer individuals entering the working age group (20 to 65 years of age) than will be leaving this age group (Figure 4, for details see Bollman 2014b). At present, five of Manitoba’s 23 census divisions² presently have less than 85 potential labour market entrants for each 100 potential retirees. This trend places significant pressures upon local economic maintenance, let alone growth.

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² A census division is a grouping of towns and municipalities for statistical purposes.
These dynamics are further compounded by the reality that younger Manitobans who leave rural communities typically do not return, with the exception of communities with close proximity to larger centres (Bollman 2014g). From 2007 to 2012, among the 22 census divisions outside Winnipeg:

- 3 gained (19 lost) population aged 20–24 years in 2012;
- 4 gained (18 lost) population aged 25–29 years in 2012; and
- 9 gained (13 lost) population aged 30–34 years in 2012.

Simply put, without significant relocation of working-age population from other areas (as has occurred in some Albertan communities in proximity to energy development sites), these communities are not only becoming disproportionately older, but due to labour flight, are doing so faster than their urban counterparts.

Despite this trend, and to the envy of many rural areas across Canada, four non-metro census divisions (CDs) grew their population by 0.5 percent or more in one year (from 2012 to 2013) due to the arrival of immigrants (CD#3 includes Winkler, Morden and Altona; CD#7 includes...
Brandon; CD #2 includes Steinbach; and CD #8 includes Gladstone and Treherne) (Bollman 2014c).

**Aboriginal Populations in rural Manitoba are important:**

In 2011, the number of Manitoba residents stating an Aboriginal identity was 195,895. This represented 17 percent of all residents in Manitoba (for data and definitions, see Bollman 2014d). Of this total, 78,415 lived in the Winnipeg Census Metropolitan Area (comprising 11 percent of the population of metro Winnipeg). Another 13,300 residents with an Aboriginal identity resided in the smaller cities of Brandon, Thompson, Portage and Steinbach and overall, this was 15 percent of their population. Outside these centres, the Aboriginal identity population was 104,145 (28 percent of the population of northern, rural and small town Manitoba).

In Manitoba’s four northern census divisions (CDs) in 2011, the share of the CD population with an Aboriginal identity ranged from 51 percent in CD#21 (which includes Flin Flon and The Pas) to 95 percent in CD #19 (which includes Berens River).

Among the five CDs situated around Winnipeg, 12 percent of their population reported an Aboriginal identity in 2011.

Elsewhere, three CDs in southern Manitoba had less than eight percent of their population reporting an Aboriginal identity (three percent in CD#3 which includes Winkler, Morden and Altona, five percent in CD#5, which includes Killarney and seven percent in CD#4 which includes Pilot Mound and Somerset).

However, a group of five CDs in the northern part of southern Manitoba had one-quarter of their population reporting an Aboriginal identity in 2011 (27 percent in CD#18 which includes Gimli, 26 percent in CD#17 which includes Dauphin, 25 percent in CD#16 which includes Roblin and Russell and also 25 percent in CD#9 which includes Portage and, finally, 24 percent in CD#8 which includes Gladstone and Treherne). In this broad swath of CDs, the Aboriginal identity population is relatively predominant.

Thus, in northern Manitoba, individuals with an Aboriginal identity represent over half of the population and there is a band of rural regions in the northern part of southern Manitoba where the Aboriginal identity population represents one-quarter of the population.

For Manitoba as a whole, 20 percent of individuals now entering the workforce (i.e. those now 20 to 24 years of age) have an Aboriginal
identity (see Chart 14 in Bollman 2014g). Looking forward 20 years (i.e., looking at Manitoba’s population that is now under 5 years of age), about 29 percent of Manitoba individuals entering the labour force will have an Aboriginal identity.

At present, about one-third of Aboriginal identity students (i.e., the population under 19 years of age) reside on reserves (and would be attending schools on reserves) and about two-thirds reside off-reserve and would be attending Manitoba schools (Statistics Canada 2011). The point of this observation is that all these individuals will (potentially) be entering the Manitoba workforce but only two-thirds are being educated in Manitoba schools.

As in other provinces, relations with First Nations are governed by seven treaties, dating from 1871 (Treaty 1) to 1906 (Treaty 10). There are five First Nations that are not signatories to any treaty (Birdtail Sioux, Sioux Valley, Canupawakpa, Dakota Tipi and Dakota Plains). While the employment of First Nations peoples has increased in recent years (almost six percent from 2010 to 2011), employment rates are low (less than 52 percent) and unemployment rates are high (17.4 percent in 2011). Similarly, educational attainment is also low, with approximately 60 percent of First Nations individuals earning no accreditation, and approximately 40 percent of Metis earning no accreditation (Turner et al. 2014).

**Rural Manitoba is economically diverse:**

The landscape of rural Manitoba is predominantly agricultural. There is a rich history of agricultural production that was the backbone of the rural economy for many years. Although the landscape of rural Manitoba is agricultural, the “people-scape” is not (Bollman 2007). Through advancements in mechanization and innovation, fewer people are required to generate the same or larger agricultural outputs. The rural landscape does not dictate the economic output; in fact agriculture ranks as the fourth largest sector in Manitoba in terms of the level of employment (Bollman 2014). The current role of agriculture, not the romanticized version, needs to be considered for a Manitoba rural policy (see Bollman 2014f and Figure 5 below)

The size and structure of rural Manitoba depends upon whether the metric is population or employment or Gross Domestic Product (GDP). As noted above, 40 percent of Manitoba’s population resides in non-metro
areas. In 2013, 34 percent of employed individuals resided in non-metro areas (Bollman 2014f). In 2010, 35 percent of provincial GDP was generated in non-metro Manitoba (Bollman 2014e). The structure of Manitoba’s non-metro economy looks different depending upon whether you use a measure of number employed in the sector or whether you use a measure of the GDP generated by the sector.

In terms of number employed, the largest sector in non-metro Manitoba is the health and social assistance sector (Table 1 and Figure 5). This is followed by the wholesale and retail trade sector, the manufacturing sector and the agriculture sector.

However, if GDP is the metric, then the wholesale and retail trade sector ranks highest, then the manufacturing sector and then the sector of forestry, mining, and oil and gas extraction (Table 1 and Figure 6). The sector of forestry, mining, and oil and gas extraction ranks much higher (third) in terms of GDP, compared to its ranking of twelfth in terms of employment, because of the high GDP per worker in this sector. Thus, relatively few workers generate a relatively high amount of GDP (due, largely, to the high capital/labour ratio, or machine to worker ratio) in this sector.

Table 1:

<table>
<thead>
<tr>
<th>Ranking of non-metro sectors by:</th>
<th>Employment:</th>
<th>(approximate) GDP:</th>
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<tr>
<td>1. Health &amp; social assistance</td>
<td>1. Wholesale &amp; retail trade</td>
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<tr>
<td>2. Wholesale &amp; retail trade</td>
<td>2. Manufacturing</td>
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<tr>
<td>3. Manufacturing</td>
<td>3. Forestry/mining/oil/gas</td>
<td></td>
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<tr>
<td>4. Agriculture (on farms)</td>
<td>4. Health &amp; social assistance</td>
<td></td>
</tr>
<tr>
<td>13. Forestry/mining/oil/gas</td>
<td>5. Agriculture (on farms)</td>
<td></td>
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Note that agriculture ranks fourth in terms of number employed and ranks fifth in terms of size of GDP. Note also that non-metro manufacturing is larger (under either measure) than non-metro agriculture. At a typical non-metro school concert or at a typical non-metro curling rink, one is more likely to meet a person involved in manufacturing than someone involved in farming.

The first, and obvious, implication is that it is important to understand the issue being discussed before selecting your measure of the size and structure of rural Manitoba.
For each of these sectors, there are policies that are targeted to the sector. However, the dimensions of rurality (density and/or distance to density) certainly influence the opportunities available to both workers and to firms in each sector. Specifically, given a policy approach for a given sector, the rural policy dimension invites a consideration of rurality to ensure the objectives of the policy approach can be attained, given the rurality of some workers/firms in the given sector.

Figure 5:

![Bar chart](chart.png)

**Number employed by industry sector in non-metro areas, Manitoba, 2013**

- Health and social assistance
- Wholesale & retail trade
- Manufacturing
- Agriculture
- Construction
- Educational services
- Accommodation & food services
- Transportation & warehousing
- Public administration
- Other (personal) services
- Finance, insurance, real estate & leasing
- Forestry, fishing, mining, quarrying, oil & gas
- Professional, scientific & technical services
- Information, culture & recreation services
- Business, building & other support services
- Utilities

Figure 6:

Approximate gross domestic product in non-metro areas¹, Manitoba, 2010

1. Calculated by the author by simply multiplying the provincial GDP in an industry sector by the percent of the provincial workforce in the given sector that resides in a non-metro area and then summing across all provinces. In this chart, "imputed house rent" has been subtracted from "finance, insurance, real estate and leasing".
B. The Rural Policy Audience in Manitoba

Re-conceptualizing Wealth in Rural Manitoba

Even casual observers of the macro-economy are familiar with reports about GDP, unemployment rate, employment growth and population growth. These indicators provide timely and comparable assessments of the current performance of markets and economies at a business cycle time scale. They are also used by economic researchers and policy analysts to assess the success of policy interventions in the economy. In some cases this is appropriate. However, these indicators are not appropriate for addressing many longer term issues and policies (Prugh, Costanza and Daly 2000). These indicators do not answer such questions as: “How is the economy performing over the long run, and are current levels of production, consumption, investment sustainable?” Population growth tells us nothing directly about the changing prosperity of residents. Employment growth does not consider the quality of jobs and it ignores the role of income from capital earnings in people’s income. The unemployment rate ignores those who drop out of the labour force or who migrate during economic downturns, which is an acute problem for rural areas. The GDP ignores depreciation and degradation of productive capital and also ignores most intangible and non-market costs and benefits. As a result, we are often uninformed, or worse, misinformed about the long-term performance and sustainability of our economy and the policies we adopt to improve our economy.

Recently, the focus of many economists and policy analysts has shifted to measuring wealth rather than GDP and income. In standard usage of the term, wealth is the sum of financial assets less liabilities. There have been several efforts undertaken to broaden the concept of wealth to include non-financial assets. Arrow et al. (2010), the World Bank (Hamilton 2006; Jarvis et al. 2011) and Pender et al. (2014) for example have redefined wealth to include less tangible assets such as social and human capital. Such an approach is both consistent with a more broadly positive perspective on community development (emphasizing assets, rather than liabilities), but also reflects a growing awareness of the limitations of basing policy on highly limited indicators, as well as the importance of social and other factors to the vibrancy, resilience and multi-sectoral sustainability of a community.
Flora and Flora (2013) have identified seven different forms of capital that, working in combination, are necessary conditions to support a sustainable community. Comprehensive wealth and sustainability therefore includes multiple forms of capital. There are several ways of categorizing wealth but a common approach is to define comprehensive wealth as including physical, produced or built capital, financial capital, natural capital, human or individual capital, intellectual capital, social capital, political capital and cultural capital. Wealth can also be categorized as including private assets (e.g., home, car, investments, education and social connections) or public assets (e.g., infrastructure, public lands, the environment, social stability, national security) (Johnson, Raines and Pender 2014; Samuelson 1954; Tiebout 1956). Like public goods, public assets can benefit anyone who is a member of the particular “public” without reducing the ability of other members of the same “public” to enjoy the benefits of the same assets (Tiebout 1956). However, the simple presence or accumulation of assets means little if there are not the resources, skills and means to utilize or draw upon those assets to the benefit of the community.

As a result, many authors have examined the questions of community capacity (as in “Capacity to do what?” “Capacity to decide?” or “Capacity to act?”). First noted in the health promotion literature in 1986 (World Health Organization 1986) and in broader literature in the early 1990s (United Nations Conference on Environment and Development 1992), capacity building has emerged as a concept with a significant practical role across various organizational and academic fields. However, there has not yet been a definition created or designated that comprehensively defines capacity or capacity building across multiple fields and academic streams. Perceptions of the meaning of capacity building vary across local, regional, national and international levels, as well as between health sectors, the education field and in public policy analysis.

Beckley et al. (2008) state that “there are multiple types of community capacity and therefore a broad range of capacity outcomes” (58), meaning that each community will take a unique focus on capacity building. By assessing the areas within the community that require an increase in capacity, rural communities can devote time, funding and resources to that area directly. As rural communities are constantly changing and developing, it is important to remember that at one moment an area may require a capacity boost, and at another moment that may no longer be
needed. “Community capacity ... is developed and formed, or diminished or lost through response to changing conditions” (Beckley et al. 2008:63).

Rural communities are distinct from other areas (both spatially and organizationally) in that most define capacity building as a necessity to their survival and long-term sustainability. In comparison to their more urban counterparts, rural communities struggle to secure financial, informational, and human resources (Eversole and Martin 2006). This combination of challenges means that, even if the community has ideas on how to deal with the issues that they face, there simply might not be enough money or people (i.e., multiple capitals) to carry out the initiative. This reality can be quite discouraging, as gaps in capital or capacity can limit the probability of successful decision-making, implementation or modification of policies.

For the purposes of this paper, we adopt a very broad definition of wealth described by Pender et al. (2014), in which wealth is “the stock of all assets, net of liabilities, which can contribute to the well-being of an individual or group” (20). Such a definition implicitly includes all forms of capital and capacity, and can therefore inform a revised conception of rural policy. Also, we follow the accounting framework described by Johnson, Raines and Pender (2014) in which wealth is calculated for both people and place as well as from both public and private perspectives. To operationalize this definition of wealth we must develop practical units of measurement and discover how these various types of assets interact to create wealth.

Measuring comprehensive wealth overcomes the most serious shortcomings of traditional economic indicators. Most importantly, comprehensive wealth is a long-term indicator that gives a better indication of performance over time. Aggregate wealth, accurately valued, is a precise indicator of the ability to produce value for its owners in the future. In addition, comprehensive wealth includes tangible capitals (financial, built and natural) and less tangible capitals (human, social, environmental and cultural, as well as capacity). Finally, comprehensive wealth is an indicator of sustainability into the future since constant or rising aggregate comprehensive wealth indicates that future generations will enjoy constant or increasing benefits.

Developing comprehensive wealth accounts for Manitoba will be difficult but possible. Unlike many countries, there are already many components of comprehensive capital accounts at the Canadian level. The
Canadian Financial Flow Accounts and the Canadian System of Environmental and Resource Accounts are two examples. In addition, national-level accounts for human and social capital are being developed. While these national accounts are not yet disaggregated into functional economic regions or even the provincial levels, this could be achieved with modest investments in data collection and analysis.

How would such a system change decision making and policy making? Comprehensive wealth accounting measures the return on investment in the environment, education, health, intellectual property and social capital. By estimating these rates of return, voters and policy makers will tend to shift their investments into higher return and lower risk projects. Comprehensive wealth accounting clarifies and quantifies the abstract concept of sustainability and provides a common language and framework for discussing and assessing sustainability strategies. This framework recognizes that investing in one capital will have an impact on the value and nature of other capitals. This broader way of measuring development and development outcomes focuses strategies on local assets, drawing attention to the returns to investments in public assets and the relationship between these public investments and private wealth creation. Undertaking comprehensive wealth accounting at both a functional economic regional level and a provincial level will garner a better understanding of the dependence that urban residents and businesses have on rural areas for wealth creation. It will also help demonstrate just how significant the return on investment in rural people and places truly is.

C. Rural policy values in Manitoba

Setting a new direction for Rural Policy

In this final section of the paper, we present and examine the results and implications of the rural Manitoba think tank hosted by the Rural Development Institute in Brandon, November 2014. Attended by over 70 participants from diverse rural communities, organizations and policy sectors, this event presented a unique opportunity to position the future for rural Manitoba’s economic, political and third sector communities within the structural and economic considerations noted above. As the think tank participants noted, there is a need to acknowledge that not only is amalgamation best considered a starting point (rather than an end
point), but also that rural policy, beyond the parameters noted above, is rarely simple or linear. Rather than a singular, one-size-fits-all rural policy, we must situate rural development (whether economic, political, social, environmental or otherwise) within the “social mess” (Brown 2010: 62) of a rural world that consists of “multiple, unclear and conflicting values, complex problems, dispersed control, and the surprises that human agents are capable of springing” (Bobrow and Dryzek 1987:19). Thus, with the characteristic “git’r done” rural attitude, there are multiple venues and sources of future trajectories for rural places. The end goal, therefore, should be “rural policies design” or the “pursuit of valued outcomes though activities sensitive to the context of time and place” (Bobrow and Dryzek 1987:19), which in the rural case also includes capital, capacity and the contexts of distance and density.

**Redefining wealth – Assets and Capitals**  
As noted above, a shift has taken place in the developmental, policy, economic and sustainability fields in recent years. The predominant model for rural development in the late nineteenth and twentieth centuries focused upon a “classic extension” or deficit model, where experts (as a source of knowledge to increase production) and external investment (in the form of capital) served to “fix” the deficiencies or deficits present in rural communities. Such approaches were often inherently urban-centric, as they tended to assume that rural communities required external stimuli or inputs (and rarely from other rural areas) in order to flourish (or at best, survive) (Flora and Flora 2013). This approach tended to homogenize rural communities and regions.

In contrast to this, recent decades have seen a shift toward emphasizing assets, adaptation (rather than adoption) and capacity, both to decide and to act (Hallstrom 2012). This approach values and encourages diversity. Summarized in Table 2 (below), such changes reflect more than a semantic shift. Rather, they are indicative of a re-framing of how rural regions, communities, policies and development are seen from within. In other words, an indication of potentially changing values regarding not only rural communities, but also the input, goals and functionality of rural policies targeting community-building more generally.
Table 2: Shifting language and practices to building on assets instead of deficits

<table>
<thead>
<tr>
<th>Old Terminology</th>
<th>New Terminology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development</td>
<td>Community Building</td>
</tr>
<tr>
<td>Clients</td>
<td>Citizens</td>
</tr>
<tr>
<td>Needs Assessment</td>
<td>Asset Mapping</td>
</tr>
<tr>
<td>Individual Leadership</td>
<td>Community Capacity</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>Strategic Visioning</td>
</tr>
<tr>
<td>Deficiencies</td>
<td>Capacities</td>
</tr>
<tr>
<td>Dependency</td>
<td>Interdependency</td>
</tr>
<tr>
<td>Industrial Recruitment (external)</td>
<td>Building from Within</td>
</tr>
<tr>
<td>Outside Evaluation</td>
<td>Internal Monitoring</td>
</tr>
</tbody>
</table>

Source: Kretzmann and McKnight (1993)

Within this linguistic and value-based shift, a particularly important addition is the movement away from emphasizing financial capital (investment, usually from “away” and often in the form of large-scale agricultural, processing or energy infrastructure). Captured eloquently in Flora and Flora’s (2013) community capitals framework, a key contribution of this policy approach is the recognition that not only do rural communities host multiple assets, but that the combination of those assets (organized under the capitals framework) serves as both an indicator, as well as a potential pathway, to resilience and sustainability for rural populations.

**Re-thinking Spaces: Municipal Amalgamation, Regionalization and Democratic Deficits**

The process and implications of municipal amalgamation are discussed briefly above, but also elsewhere in this volume. However, when considered from a contextual standpoint for rural policy, the amalgamations of rural municipalities in Manitoba provide an interesting starting point for both the structures, and functions, of rural governance and policy. Specifically, the movement to regionalization triggered by amalgamation has the potential to trigger innovation across a number of different policy domains. Not only are the governmental structures different (i.e., re-sized and combined), but new structures (if considered, and designed) may (or should) inspire innovative, more adaptive methods of approaching economic development. These methods can include the possibility of regional collaboration conceptualized beyond simple
geographic proximity, as well as more adaptive, participatory or inclusive governance structures and processes within, and across regions. These structures also have the potential to generate new funding models, trigger collaboration that extends far beyond sector or geographic region and ultimately inspire new approaches to planning, sustainability and policy. However, none of these innovations can take place if amalgamation is understood within the conventional context of municipal government in Manitoba (and in Canada)—the amalgamation of smaller communities cannot be considered by provincial overseers as another end point in a path-dependent trajectory of municipal devolution. Instead, the implications of amalgamation (and particularly the opportunities it presents for a regionalized perspective) must be conceptualized, and contextualized as opportunities for change, including change in the way we consider representative democracy, delegation and political accountability.

These political considerations are rarely embedded within the context of rural government and governance. In fact, despite the wide variation of recent changes to municipal government structures in Canada, and around the world (Australia, the USA and the UK), we rarely pay attention to the democratic implications of both amalgamation and regionalization. In the face of events such as improved status for rural municipalities (as in Nova Scotia) and regionalization initiatives that place new obligations and requirements upon municipalities (as in Alberta under the Land-Use Framework and Alberta Land Stewardship Act), we have yet to undertake a systematic analysis of how to balance a new political context of geographic, economic and other forms of regionalization. More specifically, we must consider the geographic distribution and relative electoral power of not just citizens, but municipalities as well, within such regionalized constructs. Comparable to early US considerations of Confederation (which ultimately led to the Connecticut or Great Compromise in 1787), how we balance political and representative authority between municipalities, but within and across regions, has yet to be fully explored (Hallstrom and Finseth 2014).

Rethinking the Rural Audience for Rural Policies

To date, Manitoba has no formal “Rural Policy”—instead (as noted above), multiple departments and policies have effects upon, and may even target, rural communities, populations and economies. While factors
of distance, density and developmental history all have roles to play, what has emerged from the 2014 Rural Works! think tank echoes contemporary thinking about rural economic development, and rural communities more broadly:

1) Rural is no longer synonymous with just agriculture. While agriculture is a critical element of many rural economies, as Partridge and Olfert (2011) point out, rural residents are no longer limited or isolated to one community. Instead, they live, work, play and shop in different communities. As a result, a functional economic region (for the reasons noted above) serves as a useful measure not only of performance, but also for the development and implementation of public policies (Freshwater, Simms and Ward 2014);

2) There are different types of rural (and therefore different opportunities and audiences at different scales). As defined by the Rural Development Institute (RDI), these are:
   a. Northern and Remote (who are already subject to an existing Northern Development Strategy);
   b. Metro Rural (surrounding Winnipeg, and with municipal partnerships defined in the Capital Region Partnership Act); and
   c. Prairie (Southern) Rural (no plan or policy);

3) Rural extends beyond the policy scope and reach of the Manitoba Ministry of Agriculture, Food and Rural Development. Arguably, every provincial department has policies and/or programs that influence rural economic social development because they have “clients” who are citizens or businesses in rural areas. This fact requires significant coordination, interaction and inter-sectoral action if a rural policy approach is to be consistent.

4) Integration and coordination need to take place not only horizontally (#3) but also vertically (i.e., between levels of government and action). Key stakeholders for rural policies in Manitoba not only constitute the government, but also the citizens, businesses and organizations in all rural Manitoba regions;

5) While regionalization is important, simply drawing lines on a map can create arbitrary distinctions, and inhibit the continued development of existing, and new relationships, partnerships and opportunities. Rather than (as noted above) a regionalization of proximity and convenience, recognizing not only the complexity and diversity of rural communities within a process of policy design helps refine their regional context, and
potentially aids in the development of more adaptive, place-based regional public policies that work because they are based on functional economic areas (Swanson and Bhadwal 2009).

**V. CONCLUSION**

The closure of the Federal Rural and Co-operatives Secretariat in 2013 brought into stark relief the political and policy reality in which rural communities across Canada must function. While the survival and identity of small, remote and often single-industry communities is far from a new policy concern, the past decade marks a significant set of events, actions and patterns for rural communities that have changed the landscape in a number of ways. In 2005, the Government of Canada initiated a strategy of linking Gas Tax Funds (GTF) with sustainability planning, thus pushing rural municipalities to think about, plan for and even act upon the future. In 2008 and 2009, global economic shifts triggered an acceleration of neo-liberal market forces. Many states (including Canada) enacted fiscal policies and strategies to limit or counter unemployment, rising debt and economic stagnation, but within a broader political discourse of market efficiency, competition and capacity building (Hallstrom 2013). In turn, even as many provinces have struggled with deficit budgets and cutting services, many responsibilities have shifted from provincial to municipal shoulders, despite no additional resources, or capacity to access such resources. Similarly, as budgetary pressures mount, not only are both service providers and municipalities increasingly called upon to compete for an often rapidly-diminishing pool of grant and similar revenues, but many provinces have revised, or considered revising, the institutional and governance structures within which such communities exist (Sancton and Young 2009).

These changes have proven particularly prescient for the prairie provinces, as fluctuating energy, agricultural and natural resource markets have further compounded existing social, political and economic pressures upon rural communities. In Alberta, high levels of participation at various regional and provincial events examining the implications of amalgamation and regional governance (see for example Alberta Centre for Sustainable Rural Communities (ACSRC) 2014) demonstrated real public interest in amalgamation and structural governance reform. Other provinces (such as Nova Scotia) have also examined the status of
municipalities, again with an eye toward amalgamations and annexation. In Manitoba, structural reforms such as recent amalgamations have figured large in the move toward modernization of rural government and governance. These shifts are consistent with a broader trend toward new public management and intergovernmental relations, where exclusive layers of authority and responsibility (whether constitutionally mandated or not) are replaced by highly complex, inter-connected institutional, practical, economic, social, regulatory and subventional relationships (Agranoff and McGuire 1998). This networked approach has been complemented in many provinces by provincial orientations toward rural development and sustainability that often emphasize collaboration, capacity-building and competition between municipalities.

These trends point to a series of challenges, and opportunities, for rural communities across Canada. On the one hand, the federal government has made it quite clear that the survival of rural communities, and local economies, will be driven by action from within, and not solely from above. The same (to a degree) holds at the provincial level—while the provinces have constitutional authority and privilege (via Section 92(8) (1867 (1982)), the more traditional, top-down model of governing has been replaced with a delegation of responsibility where goals of efficiency, accountability, transparency, flexibility and planning are stated as paramount. These changes in both the goals, and in turn both structures and process, of rural development require new thinking, new frameworks, new indicators and new mechanisms to include both values and evidence within an emergent model of rural policy design (see for example Flora and Flora’s (2013) community capitals framework (2013), Anielski’s (1999) genuine progress indicators and Pender et al’s (2014) rural wealth creation framework).

The 2014 Rural Works! think tank (25) resulted in five key recommendations for action, and those recommendations are worth repeating here. Not only do they reflect the initial elements of a rural policies design for Manitoba, they also help reinforce the shifts argued for here—that structural reforms are not an answer alone, and that rural policy requires engagement not just from “recipients” of policy (a model grounded in deficit-based models of rural policy), but from designers, situated across multiple domains in private, public and third sectors:

1) Rural leaders should initiate and participate in conversations about the many dimensions of rural development in Manitoba.
These conversations need to be shared with, and engage, all levels of government, with the goal of assisting the articulation of a Prairie Rural Economic Development Strategy;

2) Rural policymakers and administrators should ask questions to better understand how different government departments are involved in rural development. Such inquiries can contribute to helping government and others move forward in stating a common vision and improving policy investments into rural regions;

3) Rural community leaders should consider approaching economic development activities based on a functional economic region, rather than municipal basis. Such activities can be supported by seeking out and sharing examples in effective economic development from other provinces and regions;

4) Rural policymakers, officials and administrators can and should inform decisions by investing attention and resources into data collection and analysis to structure decision-support. The corollary is an on-going attention and resources to monitor regional outcomes (or the lack thereof);

5) Rural leaders can and should seek out opportunities and resources for collaborative approaches for rural economic development in Manitoba; and

6) Rural communities (including citizens, decision-makers, leaders and business owners) should pay attention to and list the assets within, and relevant to, their region. This means not just focusing on deficits within a community, but also the positive elements and relationships. The seven community capitals (financial, built, natural, human, social, intellectual and political) can be a useful framework to ensure a range of assets are included and considered in planning, policy-making and implementation.
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