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**University of Alberta**

**A Reluctant Regime:  
Economic Development and  
Desperation in the City of Edmonton**

**By**

**Shawn Friedenberger**

**A thesis submitted to the Faculty of Graduate Studies and Research in partial  
fulfillment of the requirements for the degree of Master of Arts.**

**Department of Political Science**



**Edmonton, Alberta**

**Spring 2001**



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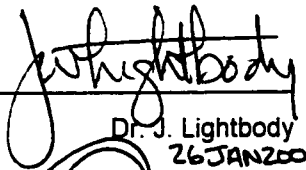
  
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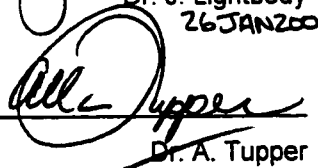
Submitted to the Faculty of Graduate Studies and Research on January 29, 2001


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***To my mother and father, Myrna and Alfred.***

## **Abstract**

By its very nature, economic development is a proactive activity that promotes long-term objectives and forgets about metropolitan boundaries. This study investigates how the city of Edmonton became captive to 'Grand Accident' theories of economic development strategies since 1980. Edmonton's reliance on a purely entrepreneurial economy resulted in the city's elected officials and senior bureaucrats sacrificing longer-term objectives to appease specific business interests within the city.

While both elected officials embedded themselves in the economic development process, suburban regions such as Leduc/Nisku took stock of their economic situation and began to capitalize on Edmonton's economic demise. This was done largely through the promotion of core competencies, strategic infrastructure and regional boosterism. What is uncovered in this paper is that economic developers require a degree of autonomy in the economic development process. This involves a 'hands-off' approach to regional planning if Edmonton is to develop a platform for economic change.



## **Acknowledgments**

I would like to thank my supervisor, Dr. James Lightbody of the University of Alberta for his encouragement and support in writing this paper. Thank you for sharing your wisdom, wit, and work ethic. Also, thanks to Pat Klak, John Barnard, Kerry Diotte, Doug Girard, and Dr. Michael Percy for their knowledge and time. Finally, my sincere gratitude to Carie and Shaunna for believing in me and the work that I do.

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## **Chapter One—A Fragmented Regime**

Considered carefully, the arguments central to any community's general economic development are about power, the exercise of political authority, and the extent to which the citizens of a community are willing to endorse, or buy into, the stipulated objectives of a sustainable strategy.

In turn, a perpetual strengthening of their local economies becomes evidence to be employed by civic authorities to show that a "good business climate" prevails and that it reflects, more generally, a "high quality of life" throughout the community's population. In skilled hands this is effective propaganda both at home and in advertising externally in the continuing quest to attract new commerce. To the extent that this vision is indeed widely shared it comes to structure the agenda for urban economic regimes, and governmental policies at the municipal level are intended, in large measure, almost singularly to promote efforts in support of this particular economic development vision.

Using the case study of the Edmonton city-region, the purpose here is to evaluate how the nature of the Edmonton city regime and its structure of political authority has deviated from any such unified focus in the period since 1990 to become fragmented into a variety of strands and actors. At its roots the division was over how to match this city-region's strengths to appropriate future growth in the industrial and commercial sectors. A conflict largely internal to the city was partially legitimized by the separate pursuits of the multiple municipalities in the Edmonton CMA. These autonomous political regimes used the opportunity of city divisiveness to advance their own economic development agendas in the

form of marketing for business retention. Essentially these smaller operations, more economically discrete, understood that their own economic futures boiled down to a choice between decline, or sustainable growth. The function of economic development was defined, by them, so as to assist each community autonomously to identify barriers and opportunities, to specify appropriate targets, and then to design economic tactics to achieve those.

By its very nature, economic development is out-going, longer-term, proactive, and disregards municipal boundaries. In the case of the city of Edmonton, these imperatives for growth were never directly challenged but neither were they ever well understood, accepted or internalized. Instead, beginning in the late 1980s, the city sacrificed longer-term objectives with their potential for lucrative community growth to specific industry appeasements, and this approach unintentionally came at the expense of the very local entrepreneurs who had most expected to benefit.

By the late 1990s, political authorities in the city of Edmonton had reached no broad agreement on an industrial, commercial, growth strategy. In retrospect, this will be shown to have been shortsighted for several reasons. Rather than planning towards the future, where the emphasis is on sustaining through new development an economic climate adequate to support the aims and aspirations of a wide realm of citizens, the tactic became one of retention of existing commerce. Edmonton surrendered the status of its economic development strategy to 'Grand Accident' execution in which growth and development is to be left to chance. It will be shown that this pathway was one that was diametrically

opposite that of the smaller, more clearly focused, suburban political operations on the city's periphery. There, rather than leave economic location and development to luck, regime leaders assessed operational possibilities and initiatives with an eye to benefiting both their existing commercial and industrial base, and the largest possible swath of their own community's residents.

So, the city region, in the 1990s, has seen a dualistic vision of economic development unfold. In the core city, growing fears of economic stagnation and waning opportunities as a consequence of past failures to devise a unified growth strategy increasingly induced regime leaders into sometimes desperate quests for quick-fix remedy. In contrast, the smaller communities had become focused on questions relating to the ethics of growth, on how targets would be set, and with the motives behind any new initiatives.

### **Methodology**

This paper focuses on economic development decisions made by elected officials and their economic development authorities in the core city of Edmonton and its smaller suburban region of Leduc/Nisku from 1989-2000. This work employs document research as its foundation so as to view the precise decisions that were made in Edmonton and Leduc/Nisku in their political context; it does not pursue a statistics based analysis of those policies' outcomes. The city of Edmonton and the suburban region of Leduc/Nisku were chosen for this study for the purpose of contrasting strongly divergent strategies in economic development. The people primarily chosen for interviews on this topic were individuals who were positioned to implement economic development choices

rather than elected officials who had made them. John Barnard and Pat Klak of the Leduc/Nisku Economic Development Authority have witnessed public policy choices made in both Edmonton and Leduc/Nisku over a period of eleven years. Their positions on long-term economic growth contrasted with those of Doug Girard, EDE's Vice President of Business and Technology. Dr. Michael Percy, Dean of Business at the University of Alberta, provided a strong foundation from Economics for this work. Finally, veteran journalist Kerry Diotte of the *Edmonton Sun* gave his views on how the city of Edmonton and its economic authority have been viewed, over time, by the mainstream media.

### **What Is Economic Development?**

The dominant view on the meaning of economic development is that it refers broadly to the "process of improving the standard of living and well being of the populations." However, urban policy makers and the public tend to use the word to refer more narrowly to increasing the number of jobs, businesses or incomes in the city.<sup>1</sup> This distinction is important, and to some extent, the narrower focus excludes important benefits or costs of economic development strategies. Yet, what do these generalizations mean for individual cities? How does the past setting of visions, goals, and objectives for economic policy planning have significant influence on current economic development strategies?

The formulation of goals and objectives for economic development planning in Canada's cities is a resource consuming process. Unlike the situation for a business in regional development, far too many private as well as bureaucratic interests have conflicting notions of economic growth and how best

to achieve it.<sup>2</sup> With few exceptions, most goals, objectives, and strategies for the economic development of a city-region are internally generated. These reflect how a region and its official leadership sees itself fitting into existing market structures. In reality, for economic development to succeed many goals and objectives for regional economic plans must fit the demands or perceptions of the common citizen. As Michael Percy, Dean of Business at the University of Alberta notes, "there are a variety of factors that are not in a city's control. No local region can offset any disadvantage that is driven by numerous factors. The mark, then, is that the necessary conditions for regional development must include competitive taxes, and stable tax regimes."<sup>3</sup>

Thus, economic development is considered "good" for a number of reasons. Growth is important to local politicians because it is involved in the planning and running of the community. It also has serious social implications. In short, one individual or body cannot influence any particular sector, be it industrial, commercial, social or cultural without impacting the other three; and economic because it is about business and wealth.<sup>4</sup> The overlap of these areas is always fluid and the emphasis of activities may well be in one or more of these areas. Similarly, the functions of economic development are also fluid and emphasis is placed in response to local need. Retention is the goal of sustaining and stabilizing the local economy. Prospecting for investment and job creation is to offset attrition and achieve predetermined thresholds of growth. Planning is for the future of a community where the emphasis is on sustaining an economic climate adequate to support the aims and ambitions of the citizens.<sup>5</sup>



The main beneficiaries of a proactive economic development plan are developers and real estate speculators. These entities espouse the trickle-down effects of the pro-growth ideology. What transpires is that cities become “caught up” in competing to obtain corporate headquarters and financial capital.<sup>6</sup> This generally results in cities pitting their images and business strategies against one another for capital investment. Civic “boosters” equate the interests of business and real estate with the interests of the “city as a whole.”<sup>7</sup> Boosterism is a calculated activity, a campaign that not only seeks to promote the material interests of the hegemonic factions of the dominant classes, but also seeks to legitimize “political” solutions to the urban question by symbolically restructuring consensus.<sup>8</sup> Civic authorities propagandize their visions of a “good business climate” as a “quality of life” throughout the population and seek to portray their cities to capital investors as “clean, orderly, new, and expanding, with lower classes that are hidden, inactive, and shrinking.”<sup>9</sup> In the city of Edmonton, the building of vast shopping malls and the attempts to secure professional sports franchises has become intertwined with the broader notions of pro-growth and urban development.

Yet there have been instances where elected officials have challenged the traditional notion of the male-dominated business establishment in Edmonton. In 1992, Mayor Jan Reimer campaigned on an ideological platform that involved a more hands-on approach to the way Edmonton’s city council should conduct and implement business strategies.<sup>10</sup> In contrast to her predecessor, Laurence Decore, Reimer’s lethargic failure to seek out backing on important votes in

council resulted in numerous developmental “wars” with both the Ghermezian family, the owners of the West Edmonton Mall, and Peter Pocklington, owner of the Edmonton Oilers hockey franchise. Pocklington, who was losing money on his other business ventures within the city, threatened to move his hockey club out of town if Reimer and her city council colleagues would not honor his wish list.

Significantly, it became apparent to many key actors that it was vital that Edmonton's city council, representing its citizens, accommodate Pocklington.<sup>11</sup> In addition to its citizenry, the impact of Pocklington's threats were felt by the Economic Development Edmonton (EDE), and its president, Rick LeLacheur. The EDE president constantly promoted the virtues of the Oilers' economic significance in the city. Likewise, the Triple Five Corporation made promises of irresistibly attractive development plans that promoted both psychological and material commitments to city council and its senior management.<sup>12</sup> However, as negotiations between the city and Tripe Five stalled, the Ghermezians slowly began to pump up the price of their projects, most notably, the West Edmonton and Eaton Centre Malls.<sup>13</sup> Both Peter Pocklington and the Ghermezians put the Mayor and council on the defensive as they slowly began to take away attractions that had been previously promised.

What lies at the heart of Edmonton's dispute with the above players is the logic of capital accumulation and the mobility of capital in relation to cities and communities which creates unequal economic growth between cities and regions. Cities must compete with each other, and often with their own suburbs,

for capital investment. As capitalists make their investment decisions, both winner and loser communities emerge. The capital logic that promises investment and growth can also equate to reduction and decline. The dramatics of uneven growth patterns are exemplified in the changing conditions of our urban areas.

From this logic, there is a dominant set of explanations for a city's pro-growth ideology. First, economic developers work within a broad spectrum of business interests. They face a demand for more and more sophistication in both the resources they provide and functions they perform.<sup>14</sup> Because economic development brings to community and urban planning a different perspective from that of most other municipal functions, there is always the potential for concern, misunderstanding, and conflict. Secondly, senior municipal planners are most familiar with land use or geographical planning, the study of cities as systems within a system of cities. In essence, three areas are impacted by economic development. The first is political, as development involves planning and running a community. Moreover, economic factors are also involved because economic development places a high degree of emphasis on the recruitment and retention of business and wealth. In addition, there is a social component involved in economic growth. Industrial, commercial, social and cultural sectors of a city's economy cannot be influential individually without having an effect on the nature of political, economic and social policy. It is by its very nature a reactionary function responding to the more immediate needs of a community; economic development on the other hand views a community in

holistic terms as a living organism, growing organically.<sup>15</sup> As with humans, communities have a spirit and a will that can be motivated and developed. As with all living things, they are always in a state of evolution somewhere on the cycle of growth, prosperity, decline and decay.<sup>16</sup>

From this, one consistent theme in local governance has been the pursuit of growth: more people, more jobs, and more real estate development. Local democracy has been dominated by “growth coalitions” composed of individuals and enterprises with a direct stake in economic planning and development.<sup>17</sup> Most Canadian cities are doing what they can to grow as fast as possible. They are aggressively recruiting new businesses with subsidies and other giveaways. They are committing millions of dollars into building infrastructure to accommodate future growth. Yet, the question remains who and what is behind this push to grow? Citizens who have opposed growth in their communities might feel that there is a giant conspiracy fighting against them. Indeed, there is a distinct group of well-funded and politically influential interests that tend to form a powerful pro-growth alliance. Or, as political economist Harvey Molotch describes, the city acts like a growth machine.<sup>18</sup>

The engine of the growth machine is powered by the hegemony that is sought by both developers and real estate speculators resulting from land and real estate development.<sup>19</sup> The primary business interests are the landowners, real estate developers, realtors, construction companies, and contractors. While these various players may disagree on some issues, they all have a common economic interest in promoting local growth. They tend to be wealthy, organized,

and politically influential in most communities. In addition, members of the business community tend to adopt a “growth is good” philosophy.<sup>20</sup> This is based on the notion that growth will increase their business volume and they will become more prosperous. However, a store owner who hopes for more customers may forget that growth also brings with it some very tough competition in the form of international conglomerates who, although espousing the pro-growth ideology, are more concerned with corporate profits than the benefits of employment their businesses may bring.

Importantly, the hegemony of economic resources and community leadership is best illustrated in Clarence Stone's *The Politics of Urban Development*.<sup>21</sup> Stone identifies three regime types: the *corporate regime*, whose “central concern is to promote the development interests of major downtown corporations...”; the *progressive regime*, representing the interests of an “assemblage of middle-and lower-class neighborhood groups...committed to a progressive platform of expanded services and protected residential opportunities for diverse income levels...” and the *caretaker coalition*, “centred in the public authority on behalf of major private investments.” Stone wisely cautions the reader not to regard these categories as “pure types.”<sup>22</sup>

### **Edmonton and Economic Development**

Significantly, the city of Edmonton conformed to the corporate pattern of rule beginning in the 1980s, although the ruling coalition was continually shifting, unstable, and subject to attack by its citizenry.<sup>23</sup> Edmonton is a type of corporate regime that has historically been distinguished by subordination of the city by

individual business people such as the Ghermezian family or entrepreneurs such as Peter Pocklington. This pattern of rule takes the form of a single developer, or allows itself to become confined to a succession of developers, each promising a series of economic benefits, providing the local state meets their needs.<sup>24</sup> The result of the corporate regime activities meant that an apparently non-partisan, non-ideological system of rule that allowed the business community to enjoy an unbreakable legitimacy that dominated the city's political agenda. Much of Edmonton's bureaucracy was governed with little force by city council that was, in turn, generally accountable only to the business community throughout the late 1980s and early 1990s. It was well understood that business was the primary constituency and not individual citizens.

Thus, Edmonton revealed itself as a city where business interests could capitalize upon small opportunities. The catalyst for the emergence of a progressive, or growth management faction in city politics, was a battle over city plans for the building of a massive expressway system.<sup>25</sup> Joining the battle was a newly emerging force, employed at such institutions as the University of Alberta and the Research Council of Alberta, which, as Lightbody (1983) suggests, was influenced by the atmosphere of direct action and citizen participation that had prevailed in the United States.<sup>26</sup> What grew out of this activism was The Urban Reform Group of Edmonton (URGE) who had modest success in the years that followed, with two URGE councilors winning elections in 1974 and then three in 1977. Like the Electors Action Movement (TEAM) in Vancouver at this time, URGE campaigned on a platform that stressed citizen participation, and

promoted environmental concerns.<sup>27</sup> They condemned the lack of city amenities and urged Council to take a more passive approach to economic development. In addition to URGE, the socialist Edmonton Voter's Association made its presence felt. In 1980, the socialist group managed to help elect one candidate. Unlike TEAM in Vancouver, however, neither URGE nor the EVA ever won control over the council and was unable to establish voting coalitions. Thus, council and developers carried on with Edmonton's pattern of a complex entrepreneurial economy, if only for a short period of time.

The 1970s had provided the city of Edmonton with a boom economy. Oil prices increased while government and private capital were investing in industrial diversification. However, in the early 1980s external developments revealed a boom-bust economy that would send shock waves throughout Canada's cities. American interest rates rose, thereby forcing up Canadian rates, and Ottawa's National Energy Program effectively capped the Province of Alberta's oil prices.<sup>28</sup> This led to investment falling off, oil rigs moving outside the province, and increased unemployment. All of these actions were felt heavily at the local state level. Edmonton's long-term debt multiplied between 1979 and 1980, and unemployment rose to all-time highs.<sup>29</sup>

The consequence of these global events as well as the NEP in Canada saw a virtual collapse of developmental control in Edmonton. The mobility of commerce saw corporate control being reasserted. In essence, the state became a subsidiary to local developers and speculators. The first stage, the reassertion, enjoyed the unified support of the business community, while the

second, the process of subordination, eventually caused a split in corporate ranks. Faced with a confrontation with the business community, the fortunes of URGE declined.<sup>30</sup> With no significant business base left, the planners' attempt to implement downtown development control shattered, and its influence over the development process waned.

Moreover, as developers and speculators grew in their strength relative to state autonomy, two factions developed internally that had negative effects on Edmonton's economic growth. An activist corporate faction was formed in 1983.<sup>31</sup> These were businesses that saw private capital as the development instrument of choice, and held that the local state should be more active in initiating private development. This activist group was made up of business leaders who represented the interests of corporate downtown development, and they advocated a much more liberal view that the city should initiate some control over private growth.<sup>32</sup> In contrast, a conservative, passivist group opposed this and saw the city hall and its senior planners as primarily a facilitator of the developmental process initiated by private enterprise. They believed that business both internally and externally should be carried out with little interference from the state. The passivist faction also represented the interests of corporate downtown development, but they advocated a passive local state that would facilitate private development.<sup>33</sup>

The formation of these competing groups in Edmonton created an activist corporate regime that developed a policy platform that was distinct from both the growth management and passive corporate forces. Importantly, a Downtown



Area Review Plan (DARP) resulted in the dismantling of much of the inner-city developmental control regime.<sup>34</sup> In this process, the activist corporate agenda became almost identical to that of the passive corporate stance. What was being advocated here was the boosterism of an activist local state, a departure from the passivity of a subordinated local state. Edmonton soon came to resemble Atlanta, Dallas and Minneapolis, where economic development policy tended to be the product of the organizational efforts of a corporate community to pursue collective goals and not a series of one-dimensional responses to the initiative of a single developer or a succession of single developers.<sup>35</sup> This resulted in extensive links being developed between council, senior planners, and local business leaders.

The end result of these associations was an enhancement of autonomy within the city of Edmonton's bureaucracy in downtown economic development politics. Edmonton's subordination in the 1980s and early 1990s suggests that politics does shape policy, and it influences not only citizens' ability to adjust to changing economic demands, but also to the changes within the context of urban economic development. Moreover, the political-economy context within which DARP took shape meant that developmental policy must focus on the belief that, by and large, investment capital is privately held and mobile. Subsequently, a longer-term and more fundamental influence on economic growth took hold in the form of suburban development. As the city of Edmonton failed to recover fully from the shock waves of recession in the early 1990s, small, suburban governing regimes were undermining the city-region's economic base, and this trend is

continuing today. Although a case can be made that global forces have pushed industry, corporate decision-making commercial and residential development away from city centres in general, it is nonetheless within the power of local and regional governments to influence this direction.

### **The Periphery**

In 1988 the County of Leduc was under considerable economic stress. Economic prosperity was threatened as a result of the annexation by the City of Leduc for the Nisku Business Park.<sup>36</sup> No development plan was in place during 1988, hence the Leduc-Nisku Economic Development Authority (EDA) began to develop relationships and sought cooperation and input from city and county administrators, various associations, individuals, and groups. From the issues and concerns raised by the various groups, the EDA adopted a five-year development program. This plan introduced the following objectives: (1) to restore good relations between the city and county; (2) to develop the ability to provide economic planning by improving and expanding knowledge of the area's economy and its relationship with other regions; (3) to promote technical, human, and economic resources and prepare to take advantage of the increasing importance of the Edmonton/Calgary corridor in the international marketplace.<sup>37</sup>

In order to address the areas of concern identified in their evaluation, in May 1991 the Leduc-Nisku Economic Development Authority began hosting workshops. These meetings included directors and councilors from the EDA, the Nisku Business Association, the Leduc Chamber of Commerce, and city and county councils. What was learned at these meetings was that many of the

conflicts experienced were the result of people working at cross-purposes.<sup>38</sup> For example, the format for the EDA board provided for widely different committees. The 1988-89 board in Leduc focused on administration whereas the 1989-90 board was more activity oriented. One of the principal reasons for appointment by representation is that it provides for good communication and feedback. Unfortunately, in the experience of the Leduc economic development board, there had been a great weakness in this area.<sup>39</sup> For most board members, working in an economic development function was a new experience, and the learning process was such that no sooner did board members become familiar with the activities than their appointment was over.

Importantly, what came out of these meetings was an acknowledgment that economic development was in transition in the early 1990s. Yet, this was by no means seen as having a negative impact on economic growth.<sup>40</sup> Instead, the Leduc economic authority looked to innovation to meet the oncoming challenges of a spiraling economy. Moreover, it developed a marketing strategy which called for developing both prospecting and retention strategies. Central to this process was the need to work from a comprehensive and current database. This included upgrading their existing databases to include broader information as skills, technologies, expertise, products, services and markets.<sup>41</sup>

In addition, the Leduc-Nisku Economic Development authority developed a prospecting strategy that identified target sectors. This involved the energy, environmental and communications industries. Similarly, markets chosen were Russia and Eastern Europe, South America and China.<sup>42</sup> Guided by these

choices, aggressive strategies were developed to maximize the budgets available. Because the Leduc EDA, like most agencies, had only limited funds, creativity was demanded to produce the impact and results for which they were looking. Moreover, central to the economic development strategies of Leduc was an understanding that the sum of the parts was greater than the whole. In other words, the EDA set about supporting their existing businesses by marketing their expertise technologies and capacity as a whole, not just as individual companies. This approach was in direct contrast to what the economic development authorities in the capital city were doing at this time.

The city of Edmonton, as mentioned, was looking for the "Grand Accident" where their economic fortunes were left to chance. To use a sports metaphor, the city of Edmonton appeared to play "defense" during the late 1980s and early 1990s, with city councilors and senior bureaucrats reacting to the offensive strategies of single entrepreneurs such as Peter Pocklington, or developers such as the Triple Five Corporation. The city found it increasingly difficult to anticipate the maneuvers of these individuals and groups or develop an effective defense ahead of time. What transpired were individuals and small groups deciding not only when to execute their moves, but also the terms of the debate. In contrast, the "partnership" programs in Leduc enabled individuals to "buy" into economic development in their community. Participation was sought, but not demanded. Recognition was given for effort expended, and communication was maintained by using the local media, newsletters, and mail. Standing committees were developed to focus the economic development authorities on education,

marketing, technology, funding, and in the case of Leduc, airport and membership rewards.<sup>43</sup>

### **Conclusion**

The late 1980s and early 1990s revealed a great deal of dissonance within Edmonton's political and economic authorities. Although city hall and its senior bureaucrats agreed that economic development was a "good" that had to be pursued, the city revealed itself as a place where small opportunities could be capitalized upon by individual developers and speculators. However, competing interests in the form of activist and passive factions impeded any type of long-term planning and growth strategy for the city as a whole. While Edmonton had to face its internal struggles, small, suburban regimes focused their energies on shifting global paradigms involving economic development. The Leduc-Nisku Economic Development Authority, in conjunction with their councils, developed a prospecting strategy that identified key economic sectors within their respective communities. In acknowledging its weaknesses from the beginning, Leduc set forward a plan that aimed at retaining local businesses through innovation and new technological strategies. The early implementation of these approaches would have long-term implications for both the city-wide commercial region of Edmonton, and its fragmented peripheral neighbors. Chapter Two of this work will examine these contrasting approaches and will outline their effects on urban economic development.

## **Chapter Two—Indecisive Decision Making**

Winston Churchill once said that we shape our economic destinies, and then our economic destinies shape us. He no doubt had in mind the many layers of history built one atop another in English cities and villages, and the evidence of culture and continuity that they gave to the successive generations of men and women who inhabited them.<sup>44</sup> Business interests in the city of Edmonton in the early 1980s put forward a blueprint creating the perception that the city's economic position mandated business dominance, for better or worse. From this, a pattern of corporate control took hold and the subordination of Edmonton's city council and senior management was realized. At issue is how the character of the city changed as federal and provincial economic fortunes plunged in the early 1980s. The destinies of both governments would have a direct impact on how the city of Edmonton perceived and implemented economic interests.

Three pervasive features of Edmonton's local political culture will be introduced in this chapter: (1) a contradictory mixture of love of Edmonton, (2) an ambition to make it "great", and (3) inferiority over its relatively slow growth. This psychology provided fertile grounds for the promises and threats of developers, who became adept at gaining public acceptance for unpopular decisions by promises of investment, threats of relocation, and inflated estimates of the costs of alternative proposals. In essence, the late 1980s and early 1990s saw the city of Edmonton looking inward to find economic growth strategies that would benefit a variety of interests. In doing so, an opportunity arose for suburban

governments to further threaten the city's financial position by grasping hold of the fluid capital made available by development uncertainty in the capital region.

### **Economic Proposals**

In 1981, the city of Edmonton adopted what was known as the "Envelope System" into a proposed Downtown Area Redevelopment Plan (DARP).<sup>45</sup> This plan was inspired by the work of Jane Jacobs and William H. Whyte, who both advocated the use of urban design to create environments that invite people to make use of the downtown streets for both economic growth and public safety.<sup>46</sup> The envelope system was proposed when Edmonton's economy was flourishing. Its goal was part of a wider planning process that called for street improvements and the development of more attractive public space for business. The city planning department played an activist role, publicly making the case for the downtown plan, even with unclear support from city council, the business community, and the public.<sup>47</sup> The department conducted many planning studies dealing with topics such as parks, open spaces, and pedestrian malls. In addition, economic evaluations were conducted with the assistance of Edmonton's business community, including the Buildings and Managers Association of Edmonton, the Edmonton Chamber of Commerce, and the Urban Reform Group of Edmonton (URGE).<sup>48</sup> This wide range of participation enabled planners to demonstrate that one group's allegations of over-regulation were often balanced by other assertions that the degree of regulation was insufficient. At the same time, considerable modifications were made to meet as many objections as possible.

To anyone who disliked walking through a gorge of office towers, this bylaw hardly appeared as an overreaction by city council and its senior managers. The bylaw had been developed with business participation during the final days of a business boom. When the expansion stopped and downtown development stalled, business people began to perceive the bylaw as excessive government intervention. In 1983 Mayor Cec Purves appointed a Task Force on *The Heart of the City*, chaired by a prominent local businessman Joe Shocter.<sup>49</sup> The Task Force, noting that "Edmonton's economic situation had reversed," recommended that the city's planning department and the business community "join forces to evaluate its effectiveness and to prepare revisions if necessary."<sup>50</sup> The perception that Edmonton needed a quicker, simpler development approvals process to attract economic interest in the central city was widespread. Moreover, business people and local politicians alike were insistent in their calls for action. Alderman Lyall Roper stated, "Our biggest task is to make the downtown atmosphere attractive enough so that the businessman, the entrepreneur, the large and small developers will want to come back downtown."<sup>51</sup>

These ideas were quickly translated into action. In 1984, the planning department formed a joint committee with the City Centre Association, a business group, to review the DARP bylaw.<sup>52</sup> The committee found widespread objection to the envelope system, and concluded, "changing economic situation in the city has forced the re-evaluation of other planning policies."<sup>53</sup> Clearly, the economic downturn had evoked a panic reaction in the business community. In



November, 1984, the City Centre Association, in a letter to Mayor Laurence Decore, suggested repeal of the building envelope regulations, and requested a bylaw revision by January 1, 1985.<sup>54</sup> A year later, revisions of the Downtown Area Redevelopment Plan Bylaw were complete. The major changes in the bylaw allowed for increased freedom for developers at the expense of protection for the streetscape. The building envelopes were deleted and replaced by a more limited cosmetic changes. The planners' own explanation of the changes made it explicit that the abolition of the envelopes drastically limited developmental control:

With the deletion of the built form requirements, the Land Use Bylaw will only contain the floor area ratio uses, parking and loading and amenity area requirements. Deletion of the envelopes will put greater onus on the developer and the City to ensure that the Plan objectives of improved street amenities and good design result. The Development Officer's ability to influence urban design will be greatly reduced. Providing the developer meets the requirements of the Land-Use Bylaw, the Development Officer would be required to issue a development permit even if urban design factors are not considered...The responsibility for good design in the downtown will fall on the private sector.<sup>55</sup>

This marked the beginning of an era of more aggressive economic leadership in the supervision of downtown development. It soon became obvious that the change in planning regulations was more than simply a decision about planning; it signaled a major change in the character of the local state.

There are several lines of defense that can be invoked in support of abandoning the envelope system and the strategy of domination by the private sector. The most obvious, but least plausible, is to argue that the unregulated market is the best arbiter of urban design and that interference, whether from

city's senior bureaucrats or from the public, is only likely to make things worse. However, an unregulated market was at best a distant ideal for Edmonton in the mid-1980s.<sup>56</sup> A more reasonable line of thinking is that the envelope system introduced an undesirable element of bureaucratic rigidity that hampered both the development process and the creativity of architects. As an official in Mayor Laurence Decore's office argued, this approach to development made Edmonton into "a downtown full of flash cubes."<sup>57</sup> Under the business-dominant system, business people talk to each other, propose innovative ideas, and work with counter-suggestions. Yet, as plausible as this suggestion may sound, it too is difficult to accept. The envelope system was neither intended to be, nor did it work as, a set of rigid regulations but rather as a means of setting minimum standards for such things as availability of sunlight, pedestrian comfort and amenity.<sup>58</sup> Exceptions to the rules were provided for wherever a case could be made that a different approach would work better. It could be argued that the "downtown full of flash cubes" was a result of too little regulation. Edmonton had not substituted a more flexible or less bureaucratic regulatory regime for a rigid one.

The Downtown Area Redevelopment Plan (DARP) not only restricted city planners' intervention into downtown development, it would also signal a change in the composition of city council. Soon after the DARP bylaw was passed, city council began to reassert itself in a new manner. In short, a corporate faction emerged within council with an activist agenda. The two events that triggered this change in ideology within council were the Bank of Montreal Development

Project and a fierce debate over the demolition of Edmonton's oldest office structure, the Tegler Building.<sup>59</sup> The Bank of Montreal purchased a block of land that contained the Tegler Building in 1978. They immediately filed an application with city council for a demolition permit, and were granted this request by an overwhelming vote of 9-2 by council in July of 1981.<sup>60</sup> Council had originally intended to designate the Tegler Building as an historical site. However, by February 1982, all but three councilors, including two of the four members of URGE, had abandoned their support and voted to withdraw the building's designation, clearing the way for Tegler's demolition.

Edmonton's council changed its mind for two reasons, both of which would be symbolic for future development projects. The first was the Bank of Montreal's use of pressure tactics that would foreshadow measures used by the Triple Five corporation as well as individual entrepreneurs such as Peter Pocklington. The Bank's strategies included attempts to warn Edmonton's citizenry about the costs of maintaining the Tegler Building, threats of possible movement in the bank's expansion plans in future years, and suggestions that council was becoming inward-looking and not receptive to public opinion.<sup>61</sup> Secondly, along with the pressure placed on them by the bank, the downturn in the provincial and federal economies as well as the National Energy Program meant that council and its senior bureaucrats were focused on chance economic development strategies that could funnel more money into the city's coffers.

From all accounts, it was the provincial-federal economic meltdown that led six of the nine councilors to reverse their decision on the demolition of the

Tegler Building.<sup>62</sup> Between 1981 and 1982, oilrigs were leaving the province in droves, due, in large part, to the NEP. In addition, massive suburban expansion in the city left Edmonton's downtown empty. Between September 1981 and March 1982, more than 500 new stores opened in shopping malls, thereby creating economic collapse of many privately owned businesses in the downtown core.<sup>63</sup> Provincially, the Alsands Project, the diamond of Alberta's economic fortunes, disintegrated in the spring of 1982 and urban land prices fell dramatically during this same period.

### **Metropolitan Meltdown**

Municipally, a power struggle was unfolding between strong-willed developers representing a few business interests and an elected body representing the community as a whole. From this, Edmonton's economic conditions began to worsen. City Council was vulnerable in its negotiations with the Bank of Montreal over the Tegler property. Negotiations began at a time when the Alsands Project all but collapsed, and Edmonton's housing sales began to slump. Compounding the problem was the closing of eight major furniture stores by 1983.<sup>64</sup> Despite a variety of objections from city planners, who cited regulations in the DARP bylaw as well as the General Municipal Plan, city council finally gave in to the bank's demands in June 1983.<sup>65</sup> Thus, it was economic pressure that forced Edmonton's city council, including some URGE members, to accept a corporate agenda for the redevelopment of the Tegler property. Clearly, a pure entrepreneurial political economy had been reinstated and the city's planning department lost most of its authority. They swiftly moved to the side of

the Bank of Montreal, which had succeeded in crippling city council and its senior bureaucrats.

Thus, while business interests' goals in Edmonton became somewhat compatible with those of its elected officials, in the Downtown Area Redevelopment Plan they fundamentally contradicted the interests of community residents. Residents of the city had many of the same concerns in the 1980s that residents in other Canadian cities had. Citizens were more concerned with the use values than the exchange values of community real estate. That is, developers, rentiers, and speculators were motivated to turn land over to the most profitable use. Community residents, however, desired stability and wanted community groups to work to help prevent rapid turnover and land uses which did not meet community, residential, commercial, or employment needs, such as high-rise office buildings or homogenous upscale residential developments that raise land values.

For their part, Edmonton's elected officials and senior bureaucrats were far from neutral arbiters of the conflicts that arose between community and capital in the DARP negotiations. As Shefter (1985) points out, municipal officials must respond to imperatives which often conflict; they must pursue policies which will win votes, prevent social and political conflicts from getting out of hand, contribute to the health of their city's economy, and generate sufficient revenues to finance the operations of municipal government.<sup>66</sup> To this end, Edmonton's elected officials and upper management withered under the pressures of conflict management throughout the 1980s. Residents of the city wanted to avoid

displacement and instability but they also wanted to attract community-sustaining development over which the community maintained fundamental control.

### **Working as a TEAM**

In their book, *"Urban Fortunes: The Political Economy of Place,"* John Logan and Harvey Molotch note that "cities, regions, and states do not compete to please people; they compete to please capital."<sup>67</sup> This analysis holds true for the city of Edmonton, and is undoubtedly true elsewhere. For example, it is not the whole story in the city of Vancouver. The relationship between elected officials and business in the city has opened the door to a more nuanced approach to state and capital, as corporate power stands in a very different relationship to the municipal government than it does in Edmonton. The comparison between Edmonton and Vancouver is valid for a number of reasons. Vancouver originally used an envelope system similar to the one Edmonton abandoned. However, instead of weakening control over the process of economic growth, the city set out to strengthen control while at the same time they provided greater flexibility in the development process.

Location had much to do with attitudes towards development in Vancouver. Vancouver's natural setting, and high-rise apartment development was already dominant in the city's West End in the early 1970s. In the words of one planning document, "the only alternative form of higher density housing being built was the repetitive three story framed apartment. In the downtown underground shopping malls and 'black towers' appeared."<sup>68</sup> There were growing fears that Vancouver would be cut off from the mountains and the ocean

by rows of high rise buildings and cloned shopping malls. In 1972, city councilors belonging to The Electors' Action Movement (TEAM), were elected, replacing the conservative Non-Partisan Association (NPA).<sup>69</sup> TEAM was a reform party that promoted the idea of a "livable" city. Their entrance into municipal government signaled the growth of public pressure for greater control over development. TEAM's electoral victory in the 1972 Municipal Election resulted in significant changes to the composition and style of the city council. The members of TEAM were, on average, more than ten years younger than their predecessors. As Paul Tennant (1980) points out, "few, if any other cities with open elections have ever produced a council of such high occupational and social status."<sup>70</sup> All of the eleven councilors had university degrees, eight completed post-graduate work, and four were university professors who, for the most part, had no business interests.<sup>71</sup>

During its first two years in power, TEAM worked to implement an economic platform that still guides development today. In contrast to what was happening in Edmonton, neighborhood participation in local area planning was encouraged and the power of the senior bureaucracy in the city curtailed. TEAM also reduced the former secrecy of the development process; for the most part, though, the system is now more subject to delays and personality conflicts. Yet, it is much more open than it had been prior to TEAM's reforms. Modifications to the existing system in Vancouver were sought in an attempt to pacify both the growing public pressure and the demands of city developers and architects. The solution came in a system of flexible controls, called design guidelines, which

were based on firmly established principles with various methods of implementations. Conclusions on economic development measures were based on the outcome of negotiations involving developers, citizens, and the local government. The principles of flexibility and neighborliness required bureaucratic discretion in the interpretation of guidelines and often led to long negotiations between citizens' groups, developers, and the local state. Although there were criticisms from all sides, it now appears to have become part of Vancouver's method of conducting business.

### **Different Directions, Different Results**

The 1980s and 1990s in Vancouver were very different from Edmonton. When the envelope system was abandoned in Edmonton it was a planning measure with a wider significance for the character and economic development of the city, the balances of forces within it, and for the local political culture. The discretionary zoning systems in both cities were filled with issues for both local states to deal with. A comparison of the two cities emphasizes Vancouver's political consciousness and a politics of development distinctly different from that of Edmonton.<sup>72</sup> Both David Ley and John Mercer (1980) analyzed all locational conflicts reported in the *Vancouver Sun* from 1973-1980.<sup>73</sup> They found that social and aesthetic factors were cited more often than economic factors. Ley implies that the emphasis in Vancouver's local politics in the 1980s was based upon non-economic issues and was a part of a social trend that involved "passing from the emphasis on growth to a concern with a quality of life."<sup>74</sup> He saw this as associated with the growth of white-collar technical, administrative,



and professional occupations and characterized it as a “new liberalism” that could be “recognized less by its production schedules than by its consumption schedules.”<sup>75</sup> Again, comparing Vancouver and Edmonton shows the political trends Ley and Mercer identified are not global but are evident in certain urban centres. It may very well be true that the development politics found in Vancouver required the backing of affluent voters. However, the growing prominence of white-collar occupations does not negate the local government’s emphasis on economic issues while bringing about a greater prominence to social and aesthetic questions. Certainly this has not happened in Edmonton, but it did in Vancouver and continues today.

The rise of discretionary zones in Vancouver was tied to the rise of the reform-minded TEAM party. In 1986, the NPA returned to power and Vancouver’s municipal politics underwent another period of change.<sup>76</sup> However, discretionary zoning had proven to be too durable an institution to be overturned by a new regime. It was clear that many of the controversial premises first advocated by TEAM in the late 1960s had become part of the conventional wisdom of Vancouver’s municipal framework. Yet if anyone were to believe that the existence and enforcement of design guarantees correlated with Vancouver’s business growth machine, they would have been wrong. Developers objected to the process, as it would have taken valuable time if there were major objections to their proposal from the citizens of the city. These delays began to eat away at capital. The subjective element of design guidelines which expressed concern about the physical surroundings of a proposed building, and that put the

emphasis on neighborhood consultation, was also a complaint of the developers.

David Ley (1980) sums up the concerns of business interests during the TEAM period,

The Business Director...consistently supported citizens rather than business interests in rezoning controversies; he resisted granting a redevelopment permit to one proposed residential tower in a high amenity central location on the grounds of it being 'unneighborly' in its intrusion on existing properties...The assault of high density living and particularly high rise developments was conducted with vigor and in the four years council...achieved residential down-zonings in every major apartment district in the city. In almost every case the downzonings were supported by local citizens' groups and opposed by the land development industry. Nor were downtown commercial interests more successful in gaining council's backing; repeatedly their viewpoint was rebuffed at the public meetings in the council chamber.<sup>77</sup>

Another set of criticisms arose when three developers disagreed over the subjectivity of the guidelines TEAM had introduced. One version of that criticism targeted the former director of planning, Ray Spaxman, maintaining he used the discretionary character of the guidelines to impose his personal vision.<sup>78</sup>

Meanwhile, Spaxman's successor, Tom Fletcher, was characterized as having to "depersonalize" the decision making process, shifting decision making down in the hierarchy and encouraging the development of departmental policies for the enforcement of the design guidelines.<sup>79</sup> There was parallel criticisms of both Edmonton's and Vancouver's envelope systems. A set of impartial guidelines left open criticism from the public that insufficient flexibility in the enforcement of guidelines was bound to lead, sooner or later, to calls that the system was being applied arbitrarily.

Thus, it became clear in Vancouver that the discriminatory zoning system was vulnerable to change that, on one side, promoted the city as a corporate headquarters and as a residential area. On the other, it shows how metropolitan government could work together with economic developers to accommodate population growth and house the poor. The development permit system has proved to be a powerful tool for well-off neighborhoods that have attempted to avoid heavy density. As both Ley and Knight point out,

Cities that wish to accommodate corporate headquarters must also make themselves attractive to highly paid professionals whose 'lifestyle', in Logan and Molotch's characterization, emerges as an alternative ideal; low fat cuisine and BMW replace the dour gothic imagery of knitting needle and pitchfork...this vision of urban 'rebirth' helps justify the subsidized destruction of old neighborhoods for the sake of capital that will replace them.<sup>80</sup>

From this, a strong correlation is seen between the "location" of Vancouver and Edmonton on the "urban hierarchy." This term refers to the philosophy of economic growth and the leadership of elected officials in both cities. Between 1975 and 1985 Edmonton's submissive political culture was a circumstance of the widespread belief in the city's economic inferiority. In Vancouver, there was disdain for economic considerations. The economic situation of the two cities led to different cultures and differently constituted local officials and senior management. However, do these economic circumstances necessarily lead to a local policy of strict developmental control, and does Edmonton council's subsequent weaker position with regards to the relationship between developers and elected officials allow the "growth machine" to work its will? The likely answer is no. Vancouver's local political clout over the economic

development process originates in its attractiveness as a corporate headquarters. But this is not a necessary accompaniment of its degree of attractiveness for business interests. One could cite numerous examples of American cities more attractive to capital and the growth machine than Vancouver, yet New York, Miami, or Houston, for example, all have minimal downtown development requirements.<sup>81</sup>

In Edmonton, from 1975 to 1985, it appears that the city's political culture and the character of its government and business elite were more a consequence of a misreading of its economic situation. Edmonton was not a major drawing card for corporate headquarters based on location and air travel. It undoubtedly lacked a significant concentration of producer services necessary to accommodate corporate headquarters, but it was still a major centre of government administration as well as health and education facilities. Moreover, Edmonton's economic plight in this ten-year period hardly seemed to justify the overreaction of the local business community to the threat that small delays in the development process would lead to withdrawal of investment by the growth machine. Instead, Edmonton did not possess a business community and a public that had made a solid assessment of their economic circumstances and reacted wisely to that finding. Rather, the business community was controlled by the idea that Edmonton did not reach high enough in their goals of economic diversity and development. This triggered the city council and its senior management to implement corporate demands by the corporate sector, regardless of the cost to the community.

The period 1975 to 1985, in contrast with Vancouver, illustrated two important questions in the city's local government and its business interests. First, how much autonomy should the city of Edmonton's planners have had in the developmental process within the guidelines of the DARP bylaw? The repeated rejections of planning advice suggest that unknowing elected officials, unwilling to take advice from experts as they negotiated with professionals from the development community, become vulnerable. Second, why did the city allow powerful corporations to take advantage in exploiting the city's weaknesses? The answer is that Edmonton lapsed into a troubled response to the problem of dealing with developers. A succession of contemplated policies designed to regularize the city's response to developers' requests for concessions had either failed or had been rejected. More importantly, Edmonton's councilors and bureaucrats also failed to recognize the oncoming reality of globalization. This new economy made it easier for powerful corporations to exploit the economic weaknesses of central cities. Essentially, Edmonton was caught off guard by fluid capital moving beyond its periphery. The 'suburb' was no longer simply a "place to get away from it all". Instead, smaller municipalities surrounding Edmonton became full-fledged participants in the area of capital accumulation. The next section of this chapter will deal with just how the strategies of smaller regional governments were able to take advantage of the sleepwalking centre of the capital region.

## **The Rise of Suburbia**

Economic development can be shaped by choice or it can be shaped by chance.<sup>82</sup> In the late 1980s, city councilors and senior bureaucrats in the city of Edmonton faced internal and external pressures in defining an economic development strategy. Internally, it was faced with the competing interests of activist and passive factions. Edmonton's municipal government also struggled with the decentralizing forces characteristic of North American suburban development. As an example of what was happening beyond Edmonton's border the period from 1985 to 1990, the city witnessed major corporate headquarters becoming more concentrated in a smaller number of larger Canadian cities. Edmonton seemed not to be on any short list.

The suburban city of Leduc also faced serious threats to its economic stability.<sup>83</sup> Leduc is the historic site of Leduc No. 1, the first commercial oil well discovered in 1947. Industry evolved around this find to meet the needs of the energy sector in the province and Nisku became western Canada's largest industrial park.<sup>84</sup> However, in 1991, Leduc/Nisku was no different from many other communities with a boom and bust economy, vulnerable to the cycles of the energy sector and dependent upon a regional market. To compound the challenge, there was distrust between the two municipalities, the city and county of Leduc, following an unsuccessful attempt by the city to annex the Nisku Business Park in 1991.<sup>85</sup>

It soon became obvious that the region of Leduc/Nisku needed to rethink how and in what form they would attract the oil and natural gas capital of a

globalizing world and overcome the internal distrust that was associated with the annexation bid. In 1990, the council of Leduc and the town of Nisku began research on two distinctly different, but completely compatible and complementary approaches to economic growth management. First, both the Leduc and Nisku economic boards, comprised of the cities' Mayor, council, and business representatives discussed how economic growth should occur in the region. The approach chosen is sometimes referred to as planned growth or smart growth.<sup>86</sup> The general strategy that the city of Leduc set out was to influence the quality of growth and to minimize its negative effects. Planned growth uses a variety of techniques to direct new development in ways that will reduce the negative impacts on resource lands, environmental quality, livability, and taxes on the community.<sup>87</sup> Furthermore, planned growth seeks to anticipate and accommodate growth through a comprehensive planning and policy framework.

In addition, Leduc focused on a second approach to growth management, that being, whether growth should occur, and, if so, how much and how fast? This approach is referred to by economic planners as finite-world planning.<sup>88</sup> It recognizes limits to growth and makes reasonable assumptions that communities cannot grow forever. It supposes that the local officials and business interests may be able to identify an optimal size for each portion of the community, or at least a "maximum size" beyond which the quality and livability will decline. This approach recognizes that some communities are growing too fast and need to slow their rate of growth.<sup>89</sup>

From this study Leduc and Nisku came together during a time when a critical transition was needed in the delivery of economic development services. The research of civic leaders and business advocates put in place a conventional structure, consisting of a board of directors and two staff members who were responsible for developing and implementing programs funded by municipal taxes. Potential would be limited by the time available from the staff and the dollars in the budget. From various meetings held in August, 1991, a new economic development strategy was conceived to build a stable and sustainable economy for the community.<sup>90</sup> Douglas Porter defines sustainable communities as those that, "exist in social and cultural environments in which citizens can satisfy their needs and aspirations without diminishing the chances of future generations."<sup>91</sup> This Leduc/Nisku development plan called for diversification of industrial sectors and a move into international markets.

One of the greatest challenges faced by local officials and business interests in Leduc/Nisku in 1992 was raising the delivery of economic development services to a 'Best Practices' level.<sup>93</sup> The label 'Best Practices' tends to be sector specific and has a different connotation for each sector. For example, the label is most widely used in the agricultural sector, where it relates primarily to conservation and environmental practices. In the service sectors the inference is directed towards customer service. In business terms 'Best Practices' is used to indicate a level of efficiency or quality control. In other sectors the term is applied to safety, financial responsibility, education and



training. In all of these examples the application is focused on just one program or aspect of the sector.<sup>94</sup>

In economic development the approach has not been much different. Perhaps the first reference to 'Best Practices' was at the Second European Conference on Sustainable Cities and Towns in Lisbon, Portugal, in October 1996.<sup>95</sup> Here again it is associated with benchmarking, often related to either job creation or municipal tax generation; both these standards of measurement for economic development were more suited to the old industrial development era. At the European Association of Development Agencies (EURADA) Brussels Conference in 1998, all the examples provided were of specific economic development programs, which were offered as 'Best Practices' or what was simply a good or excellent program.<sup>96</sup>

In Leduc/Nisku it was necessary to learn a whole new dynamic of working with the community, its people and organizations. Due to the boom and bust cycles of all three levels of the economy, and the lack of a distinguishable message the region wanted to send out, it was also essential to maintain a full range of conventional economic development services. A full time office continued to provide a resource for business and industry, counseling and business plan services, demographic and statistical information, forecasting budgets for councils, marketing promotion, business retention and attraction strategies.<sup>97</sup> The transformation required was more than a quantum leap. As a measure of the dimension of the change, in marketing alone the Economic Development Authority (EDA) moved from three local trade shows per year in

1993 to 56 international events in 1998.<sup>98</sup> The change in regionalization saw services from two municipalities provide economic development services to seven communities. The towns of Beaumont, Calmar, Millet, Devon, as well as the village of New Sarepta, joined forces with the City and County of Leduc to embrace a coherent and flexible business strategy.<sup>99</sup>

From this, the concept was built around the creation of the Leduc/Nisku Partnership Program. The process was to use the resources and energy of the community as a whole to focus on socioeconomic issues.<sup>100</sup> This energy exists in every community, including the city of Edmonton. It was felt that if the EDA could bring people together with a common direction, the community could achieve anything it wished. This strategy was seen to be innovative in the delivery of economic development services by responding to the demands of globalization, the opportunities afforded by new technologies and the speedy the transition in governing to community driven learning.

Formed in 1992, the Partnership brought community leaders and business people together for a monthly breakfast at which local economic issues were discussed. These breakfasts have become the expression of energy and have grown to an average attendance of over 300.<sup>101</sup> It is from this simple resource that teams of volunteers are recruited. It was obvious to the EDA that people would learn best when they could tackle real problems together in small teams of peers, none of whom were experts. They began taking action and thinking about results, using others in the group to see the situation in new ways. The strength of the Partnership has been that it is unstructured, with participation based solely

on interest. There is no membership fee and this approach has given a wide cross section of the community much greater input into local government through recommendations generated by the teams. The role of the EDA, then, changed to servicing and facilitating this Partnership, its programs and volunteers.

Thus, the application of a 'Best Practices' approach grew as the success of the Partnership Program expanded. However, the EDA is only able to realize its objectives because it stays focused and harnesses the volunteered resources of the business leadership both within the city of Leduc and among the seven towns and villages. Volunteers are clearly directed by the EDA on how and why expertise is needed in a given industry, and the EDA makes use of technical expertise and resources to make up for its own small staff. This has allowed for business cooperation in the economic development process. The effectiveness of a planner's efforts is in direct proportion to the quality and use to which these networks are put to use. This is a key economic development function, which must have a long standing recognition of technology, innovation and creativity to support all other economic development activities.<sup>102</sup> By applying a 'Best Practices' approach to its database and network, the EDA was able to deliver a new level of community economic development. In essence, the EDA proceeded with measures that were in direct contrast to what the city of Edmonton was doing in the early 1990s. As John Barnard states, "Edmonton's councilors and development authorities believed economic development and diversification was one of a machine, of components that operated in a linear fashion and had outcomes that were predictable to a certain degree. The EDA, on the other hand,

saw economic development more as a living organism. It is extremely complex, unpredictable, and interconnected to other organisms."<sup>103</sup> In other words, companies and municipal governments and their senior management stand a better chance of surviving and evolving in a world they try to control. This makes sense, because success in the age of competition and globalization depends on mobilizing as much of the intelligence at a company's disposal as possible.

Promotion of communities is fundamental for most economic development functions. Central to any economic development activity is marketing, based on reliable information. The first component of any network is the quality of information, which must be current and accurate. The EDA wanted to be sure that its marketing strategy was built on the collective productivity of its businesses and industries, as well as its physical environment. This strategy was designed to be unrestricted by the size of the community or conventional budgets, to provide stable and sustainable economic growth. A community marketing team invested over 30 hours of volunteer time to evaluate 19 different sectors and many international markets.<sup>104</sup> The resulting strategy focused on three markets and industrial sectors. The markets were South America, Asia, and Europe; the sectors were energy, environmental technologies and advanced technologies. This ambitious strategy was implemented in 1993 by attracting resources from all stakeholders and has been built upon to this day.<sup>105</sup>

From this, in 1995 Leduc/Nisku had 102 companies doing business in the United States; in 1999 it had 233. In 1995 there were 45 companies involved in business activity in South America; in 1999 that number rose to 104.<sup>106</sup> In

addition, there were 22 companies working with business interests in the Middle East; in 1999 there were 85. Companies doing business in China jumped from 29 to 81 in this same period, with Japan providing an economic outlet for 77 Nisku/Leduc operations.<sup>107</sup> Part of the success for this rapid growth in market penetration is the ability of the EDA to market flexible networks, clustering two or more companies to address specific problems and projects. Using this technique, the EDA aggressively set out to market the community as a centre for these sectors. The clustering of individuals and industry is significant to the growth of a region's business interests. Therefore, it will be discussed in the next chapter of this work.

Nonetheless, the marketing strategy employed by Leduc/Nisku has achieved its objective of eliminating economic dependence upon one industrial sector and one market. The marketing program moved from passive community brochure distribution to a dynamic active marketing of the collective resources of all business and industry. It has built a strong and stable regional economy and is an example of how 'Best Practices' was employed to maximize marketing efforts out of all proportion to the size of the community and the scarce resources that were available.

As recognition for the EDA and its programs grew, the success became infectious and reached into the community. Prior to 1990, Leduc's City Planning Department had a reputation that was very similar to the city of Edmonton's. They were difficult to work with and developers did not look kindly upon the city as a place in which to invest and do business. The Mayor and council

recognized the problem, made changes and, most importantly, launched a 'Yes We Can' campaign. Banners were made, notices were posted and staff trained. Other organizations in the community, such as the Chamber of Commerce and the Business Revitalization Zone, adopted a new confidence and optimism for the future. Through the Partnership, the EDA was able to touch a wide circle of people, businesses and groups in the community, providing motivation, leadership and direction.

### **Conclusion**

In summation, an era of assertive leadership in 1980 began with the implementation of the Downtown Redevelopment Plan in the city of Edmonton. Not only were developers questioning the character of the local state, so too were the city's elected officials. The 1980s saw pressure being placed upon Edmonton by internal and external forces. The Bank of Montreal demanded that the historic Tegler Building be replaced as part of their overall downtown expansion. In addition, outside influences such as the federal government's National Energy Program and the economic downturn of Alberta's Al sands Project left the city vulnerable to attacks from corporations and individual entrepreneurs, who promised rewards and threatened consequences.

While the DARP envelope system was abandoned in Edmonton, it was embraced in the city of Vancouver, which employed a much more nuanced approach to the local state and capital accumulation. What this shows is that instead of weakening the power over the accumulation of economic growth, Vancouver's elected officials and planners moved forward to strengthen their

control while still allowing for greater flexibility in the development process. The result of this was economic and social harmony in Vancouver and an ability to adopt to economic change. The city of Edmonton appeared to fail to recognize the harbingers of a new global economy while, at the same time, it became captive to corporate demands that disregarded community sentiment.

By way of contrast, central to the suburban Leduc/Nisku economic development strategy was the understanding that the sum of the parts was greater than the whole. In other words, they set out to support existing businesses by marketing their expertise, technologies and capacity as a whole, not just as individual companies. In short, at a time when much of economic development was in transition, even facing regional shifts, Leduc/Nisku looked to 'Best Practices' to meet the challenges. Their admittedly non-scientific evaluation found existing approaches to business promotion to be passive, and both results-oriented and lacking in vision. The Leduc/Nisku region utilized both volunteers and its local officials to promote a new sense of boosterism to its largest degree. Such was not the case in the late 1980s and early 1990s in Edmonton. In Chapter Three of this work, I will evaluate how the city of Edmonton's lack of economic vision placed them in the unenviable position of lagging behind other cities.

### **Chapter Three—Economic Benchmarks**

The emphasis that regions should begin to think globally and act locally in their approach to economic development is a modern catch cry.<sup>107</sup> However, many traditional tools and techniques used to prepare economic plans and analyze the structure and performance of regional economies are proving to be inadequate as regions become more globalized. New methods are required to understand what makes regional economies competitive, how to gain strategic advantage, and what new management frameworks are needed to drive economic development processes.<sup>108</sup> In an age of uncertainty and rapid change, strategic planning for regional economic development is becoming increasingly important in enabling regions to position themselves to build and maintain competitive advantage. These plans recognize that factors which make regions competitive include the accumulation of core competencies, social capital, and strategic leadership and management and risk capability.

The key for any economic development organization and local government, large or small, is to establish a 'platform for change.'<sup>109</sup> In Edmonton, the long standing exercise of 'Grand Accident' practices involving elected officials and Economic Development Edmonton have changed as part of the city's governing arrangements. Recently, Edmonton's regime has shown signs of an emerging synergy. The business sector has become more heavily focused on the central city than in the past, and the local state's role in economic development has changed from that of initiator of economic growth to that of facilitator. For example, the recently released *Greater Edmonton*



*Competitiveness Strategy* indicates that the local state has given autonomy to Economic Development Edmonton to pursue growth strategies without interference. The only member of Edmonton's city council who has a role in the new "clustering" strategy is Mayor Bill Smith, who sits as a co-chair of the Oil, Gas, and Chemicals working cluster team. Looking at the Edmonton regime against the backdrop of the much smaller region of Leduc/Nisku, one can see regime evolution in process. There should be little surprise in this. With the larger world undergoing change, we can expect the internal character of a governing coalition also to change.<sup>110</sup> As new issues and challenges arise, the capacity of Edmonton's regime to respond depends heavily on the nature of those issues and what kind of challenge they pose. For this reason, a subtle reconstitution (a form of realignment between the Edmonton's elected officials and Economic Development Edmonton) is occurring.

This change in strategic planning has much to do with the failed development plans deployed by the city of Edmonton during the 1990s. Both elected officials and business leaders failed to look within the city for venture capital, rather than deal with the new dynamics in the city to compete in the global economy. Meanwhile, new technology and locational options opened the door for organizational structures that were not previously possible. From this, business reorganization has become a catalyst for relocation decisions. Moreover, corporate culture has become a factor in a city's economic development decision-making. For example, software development companies do not like to be "lone wolves"—they seek interactions with other similar firms.

Pharmaceutical companies, on the other hand, desire confidentiality and tend to favor more isolated campus locations such as Edmonton. Thus, it may be that location is the city of Edmonton's greatest hindrance in attracting major corporations. Finally, with a wide option of markets available to them, corporations are increasingly comparing various markets for longer-term objectives such as diversifying their industries and expanding on their current infrastructure.

In short, the information age has given companies more options for location, allowing for better matches between corporate and community culture. Whether done internally or by outside consultants, location decisions hinge on identifying differences in location characteristics. In essence, elected officials and senior planners in Edmonton and Leduc/Nisku took different paths towards articulating where their community was positioned on the cost and resource spectrum in the 1990s. This had significant ramifications for how decision-makers answered their own questions and how they chose which community was "ready and open for business."

### **Strategic Planning**

One of the great weaknesses for city and regional planners is the lack of data that is available to them.<sup>111</sup> Limited information is available at a regional or city scale on trade, production, productivity, consumption, technology innovation and investment flows. Unfortunately, much data, which could assist regional analysts and strategic planners, exists in the databases of the corporate sector. However, problems associated with integrating statistics and confidentiality

considerations preclude access to much of this information.<sup>112</sup> Census and other public records provide the most reliable information for analytical purposes. These data can be analyzed using a wide range of techniques to identify patterns, trends, and variations in regional performance.

However, there remains a considerable gap in many planners' abilities to explain the competitiveness and performance of regions. As Castells and Hall indicate, "It is not easy to measure those non-quantifiable factors, the 'statistical residual' that influences competitiveness."<sup>113</sup> The importance of factors such as social capital, innovation, speed and ability to absorb change, and partnerships are now recognized as important elements needed to support regional economic development. Yet there remains a significant problem in the ability of elected officials and senior planners to synthesize and analyze appropriate qualitative and quantitative data to formulate strategies for the future.<sup>114</sup>

A further problem in implementing regional development plans is that there are often too many organizations and agencies involved. For example, in *Economic Edmonton's 1999 Annual Report*, no less than 50 organizations or stakeholders were involved in executing various strategies for the capital region.<sup>115</sup> What this leads to is an unclear responsibility for executing development plans by different interests in a region. In this situation plan management loses direction and stronger public agencies dominate, leaving planning officials working at different agendas and sectoral goals.<sup>116</sup> This results in regions pulling themselves apart through different stakeholders having multiple

visions, leading to incoherent and divergent development strategies, and with businesses often operating beyond risk thresholds.<sup>117</sup>

It is no surprise, then, that different interests and competing economic development agendas make planning for the future difficult. Planning for the future is difficult, as the future is something that is unknown and uncertain. There is no universal model or framework that guarantees economic development success. However, the future is not some kind of accident that will be imposed upon regions by dark chaotic forces. It is possible, therefore, for a region to create a 'path for the future' by laying down the strategic base of information, choice, and actions to support a range of economic possibilities, based on the competitiveness of resources, infrastructure, government, and core competencies.<sup>118</sup>

When arguing the need for a new model of regional economic development planning, it is first important to identify the key players and elements for strategy building and implementation. The goal, then, is to attempt to fit these variables into a process that will pull together the resources, infrastructure, social capital, and technology to facilitate the growth of economic development of a region in a globally competitive and dynamic environment. It is also essential to look at the strengths and weaknesses of the region to determine a viable economic development strategy that is in the best interests of the community as a whole.

### **Economic Development Edmonton**

Economic Development Edmonton (EDE) was formed on January 1, 1993, as a result of the consolidation of four separate business and tourism development agencies.<sup>119</sup> EDE is a wholly owned subsidiary of the City of Edmonton and its mandate is to initiate, develop and facilitate opportunities to enhance business and tourism in the Edmonton region.<sup>120</sup> In addition, EDE manages the Shaw Conference Centre, the Edmonton Advanced Technology Centre, Edmonton Research Centre One, and coordinates the sale and development of available land in the Edmonton Research Park. In 1999, EDE had 117 full-time employees and 445 part-time staff, totaling 562 employees. In short, it both manages as an owner-operator and plans for economic development.<sup>121</sup>

The formation of EDE indicated that the local state's governing arrangement was not an open-ended capacity that was to tackle any and every problem on the local scene. Economic Development Edmonton, in conjunction with the city's elected officials, acted in unison on an identifiable economic agenda. For example, EDE's first president and executive officer, Rick LeLacheur was an integral force behind the city's efforts to keep the Edmonton Oilers hockey club in Edmonton in the mid-1990s. LeLacheur quickly became EDE's head cheerleader as indicated by his 1998 assessment of Edmonton's economic outlook for the following year. The predictions given by LeLacheur read more like an economic primer than a long-term sustainable economic outlook.

For example, in 1998, EDE's president noted that "There would be major investments in industrial projects and a resulting domino effect: growth in the labor force, and increased construction."<sup>122</sup> Furthermore, a strong debt reduction and reinvestment strategy on the provincial government's behalf would increase housing starts and demand for exports to the U.S. LeLacheur's job was to make Edmonton's economic situation look good and to enhance Edmonton's business and climate through "information, communications, networking, sales and promotion and to manage the Edmonton Research Park and the Shaw Conference Centre." Apart from espousing the 'greatness' of the Edmonton region, LeLacheur immediately came under scrutiny from Edmonton's media outlets. Both daily newspapers questioned the EDE president over why he in fact lived, paid taxes and owned a business in St. Albert while, at the same time, was trying to make Edmonton look good nationally and internationally.<sup>123</sup>

### **Planning Processes**

If planning processes are initiated and driven primarily by political, sectoral, and special interests motives, then civic resistance and bureaucratic friction will, in all probability, ensure the process fails. The same holds true when traditional economic approaches of "boosterism" and "Grand Accident" methods are applied to economic development. From the beginning, EDE and the Edmonton business community failed to establish a 'platform for change.'<sup>124</sup> The move of major businesses and the threats of entrepreneurs may have been avoided had a small, but influential group of people in Edmonton come forward and collectively raised debate about forming a long-term economic plan for

Edmonton. This group would have become the disciples, to use an analogy, from which the movement for change would have eventually permeated the community.<sup>125</sup> Instead, EDE and Edmonton's elected officials worked in unison to promote economic growth as they saw fit.

In contrast the Leduc/Nisku Economic Development Authority (EDA) is not a legal entity. The EDA is comprised of four full-time professional staff as well as a volunteer board of eight members and seven volunteer teams from the Province of Alberta's International Region.<sup>126</sup> There are no demands made of participants and the EDA is a self-financing operation. As the partnership between the Leduc/Nisku region and its surrounding communities has grown, participation with regards to economic development has increased from outside the Leduc/Nisku community. The role of the Leduc/Nisku EDA is to guide the process of economic development and to provide the manpower to assist in such activities as will promote economic growth within the region.<sup>127</sup> The Leduc/Nisku EDA was borne out of a distrust of economic players and elected officials in and around the city of Leduc as well as the downward economic plight of the region in the late 1980s.<sup>128</sup> Homegrown entrepreneurs such as Peter Pocklington did not populate the civic landscape in the Leduc/Nisku region. Therefore, business leaders and the governing coalition gave considerable attention to regional issues and capitalizing on the diminishing role the central city had on growth and globalization.

### **New Problems, Old Solutions**

New problems emerge and without an appropriate agenda for the governing regime to rally around, it is hard to find the political will to address these emergent problems. The past two decades saw the Edmonton regime held captive by local entrepreneur Peter Pocklington and the Triple Five Group. Both attempted to establish their economic leverage in the city of Edmonton through the use of scare tactics in the form of business relocation. Yet, the will of the governing regime and Economic Development Edmonton was to give in to the demands of Pocklington and to uphold the existing entrepreneurial economy. Rather than build on the core competencies that had guided growth for decades, Edmonton's regime felt the need to continue with the status quo rather than create a powerful collection of competitive competencies to advance the local economy to a new level. In short, by not constructing a 'platform for change,' Edmonton's elected officials and its economic authority failed to harness and mobilize the expertise of the business community. These individuals are considered the agents for whom continuity and change shape a region's future. As Fosler states, "The seeds for both growth and decline (in regions), tend to be sown by prevailing industries and passive local states as well as authorities."<sup>129</sup> In building a platform for change, the strongest advocates of change will be among the strongest business actors in the community.

While the previous decade had produced two or three entrepreneurs who had enjoyed an almost unshakable legitimacy, the late 1990s saw several new actors 'on board.' These individuals, like Pocklington and Triple Five in the



previous decade, enjoyed (and continue to benefit from) an environment that promotes business. In contrast to Pocklington and the Ghermezian family, however, many of these entrepreneurs are part of the very economic development process itself, namely through their access to data and direct participation in Economic Development Edmonton. The Board of Directors at EDE now includes well-known local businessman Bruce Saville, former conservative Member of Parliament Jim Edwards, and lawyer Gary Campbell, who also serves on the Board of the Alberta Treasury Branches.<sup>130</sup> These individuals serve as members of Edmonton's elite and as such, as Harvey Molotch points out, "have an indirect interest in local economic development not so much for growth itself, but for the growth ideology."<sup>131</sup> For Molotch, it is that ideology that helps make these people respected in the region and which provides the rationale for the kind of local government decisions that are consistent with low business operating costs.

Nonetheless, it should follow that influential individuals with significant interests in economic development would bring an innovative approach to economic development. Bruce Saville is founder of Saville Systems, which creates computerized billing systems for telecommunications companies around the world, and is part owner of the Edmonton Oilers hockey team. Jim Edwards has worked in the city of Edmonton as a broadcaster, politician and businessman. Edwards is best known for running as a Progressive Conservative candidate for the riding of Edmonton South and winning the largest majority ever recorded federally in the city. During his time in Ottawa, Edwards joined the

Brian Mulroney cabinet as President of the Treasury Board, and tried unsuccessfully to succeed him. Meanwhile, Gary Campbell is counsel with the law firm Miller Thomson. Campbell currently sits on the Board of Directors of the Alberta Treasury Branches.<sup>132</sup>

### **The Role of Local Government**

Local government provides a process by which communities and regions govern their affairs. According to Brian Roberts, a senior research fellow at The Australian Housing and Urban Research Institute, "Local government is a two way process between the community and the State, both of which are responsible and accountable."<sup>133</sup> Roberts was referring to his research of Far North Queensland. The role of local government is fundamentally changing; and this has serious ramifications for a region's economic development strategy. Local government is no longer an all encompassing exercise of authority, control, management and power over a particular jurisdiction. Instead, according to the World Bank "It is not so much an issue of power that directs local government decisions, but rather the manner in which power is exercised in the management of economic and social resources for development."<sup>134</sup> This means that the traditional lines of responsibility of government, business and larger communities are no longer so clearly defined as they might have been in the past, and will become even less so in the future.

From this, the governing of strategic planning processes can no longer be considered merely a private function; it is a community function. The importance of partnerships between community organizations, business, and government

functionaries is recognized as the mechanism for driving economic development in the future. Agencies associated with the running of cities are being driven to think and act regionally. The late 1990s brought forward a demand for greater efficiency, less government and more accountability at all three levels of government in Canada. In turn, this had serious ramifications for both large Canadian cities, such as Edmonton, as well as smaller, suburban, communities such as Leduc/Nisku.

### **Edmonton's Elected Officials: 1990-Present**

The creation of a strong community and corporate leadership is a key factor in facilitating economic development. As Cohen contends,

Leadership is more important in the entrepreneurial city (region) of the 21<sup>st</sup> Century than at any time in our history...Leadership in the city of the future must combine management skills for dealing with the population, citizenry and entrepreneurial skills to make cities competitive in the international economy.<sup>135</sup>

This focus on leadership is one of the most important elements of the strategy development and implementation process. In other words, strong leadership commands position and confidence, especially in the business sector. It provides the ability to win influence in both the political and corporate arenas.

In examining the functional policies being made by local governments throughout Canada, recent analyses of everyday problems in the Canadian metropolis appear to neglect who is in charge of making those preferences and how they got there. Political scientist Christopher Leo suggest that "the more conventional approach to city politics...operates on the explicit or implicit assumption that government is a kind of neutral decision-making and

implementation machinery that tabulates public opinion and produces policies responsive to the demands it identifies."<sup>136</sup>

This notion proposes that the "non-partisan" labels given to most Canadian municipal elections simply disguise the fact that they are anything but apolitical. Instead, the historical belief that civic government is about boosterism, consensus, and economic growth has become something of a myth.<sup>137</sup> Instead, the conservative stances taken by elected officials at the municipal level reflect the dominant arrangement of the status quo in its philosophical forms. What results from this are politics that are more administrative in nature, thereby leaving important questions out of the civic political debate. As Lightbody notes, this belief is especially true "where there is little or no significant challenge to dominant interests and the subsequent rule of 'common sense.'"<sup>138</sup>

Certainly, it can be said that the 1990s witnessed an era of partisanship, and a return to the status quo arrangements in the city of Edmonton. The beginning of the decade witnessed Mayor Jan Reimer, a well-known New Democrat, develop a non-traditional and "ideological" approach against the male-dominant local business establishment in Edmonton. Reimer was a social activist through much of the 1970s, heading up the left-leaning Calder Action Committee.<sup>139</sup> She was also the daughter of Neil Reimer, the former national president of the Energy and Chemical Workers union in 1980 and the first leader of the province's New Democrats. Reimer advocated and defended an activist agenda at city hall that stood in contrast with that of her predecessor, Laurence Decore.<sup>140</sup> Like governments at every level, a Mayor's agenda can only be

fulfilled if and when he or she develops a working coalition among counterparts. Unlike Laurence Decore, who sought a rolling coalition through compromise and a softening of his political ideology, Reimer sought and never received a clear policy division in council chambers. As Lightbody notes, "Her supporters, (a minority), were consistently outvoted on major economic issues by more senior councilors."<sup>141</sup>

However, much like Jan Reimer, Bill Smith's two terms in office have produced more leadership questions than results. Like Reimer, Smith has been unable or unwilling to establish a working coalition among his counterparts at city hall. There is no question that Smith is well intentioned as well as a great booster for the city, but he cannot get left leaning ideologically based councilors on his side of the pro-growth ledger. Much of this cannot be blamed on the Mayor himself. *Edmonton Sun* columnist Kerry Diotte describes the partisan nature of council chambers best when he states, "Three councilors, Michael Phair, Dave Thiele and Allan Bolstad, you can almost count on the fact that they will be anti-development and pro-spending. There is still a split ideologically on city council, much like the Reimer regime."<sup>142</sup>

The lack of consensus on virtually every economic issue from 1986 to 1992 provided a serious problem for the city and its economic condition: large firms began abandoning Edmonton. This was indicated on July 12<sup>th</sup>, 1992, with the announcement that Beaver Lumber was moving its regional executive to Calgary, and that the Ford Motor Company was considering relocating nearly 100 sales and distribution staff there as well.<sup>143</sup> Reimer and colleagues in the

minority on council based economic growth upon learning, fair wages, working conditions, and a healthy environment. Also among the Mayor's priorities in her two terms in office was to improve the city's transportation system and to promote a better "Quality of Life" through better housing using codes and better enforcement.<sup>144</sup> Yet, although Reimer's policies over her two-term tenure in office brought a new style of governing to the city (largely in the form of consultation and participatory practices), she also was a major player in adding to the city's growing sense of insecurity, both economically and psychologically.

### **Edmonton: Insecurity or Insolent?**

During Jan Reimer's tenure as Mayor of Edmonton, the city developed a psychological belief among its citizenry that their city had become 'second-class' in every sense of the word. As Lightbody notes, "Its (Edmonton) natural rival has been Calgary ever since the city lost the bid for the provincial capital, university, and the penitentiary through the electoral gerrymander of 1905."<sup>145</sup> Beginning in 1992, Edmonton attempted to redefine itself on the economic spectrum in numerous ways. First, the city tried unsuccessfully to promote economic development through a series of 'catch words' such as "City of Champions," "Smart City," and, more recently, the "Gateway to the North." As Michael Percy, Dean of Business at the University of Alberta states, "Edmonton has tried a number of ways to position themselves...But none of the slogans put forward by EDE, council, or its senior managers have stuck. Essentially, elected officials and an array of bureaucrats have gone for the home run strategy...Let's build a chip plant. They (council) have historically not been patient with the resources

they have in place.”<sup>146</sup> In addition, with the numerous messages that EDE has sent out, how does one know if EDE has reached their objectives?

Agendas, it should be noted, consist of more than catchy phrases. They have substantive policy content, covering not only broad aims but also concrete and detailed programs of action.<sup>147</sup> Edmonton’s governing regime pursued a highly complex series of slogans that further entrenched their role as initiators in the economic development process. Much of what economic development does is position regions with a certain set of characteristics. This is done not only to promote a region, but also to offer a selling point for potential developers. Certainly, the slogans EDE and the local state have used over the years were attempts to place Edmonton on the economic map, but they have gone largely unnoticed by businesses outside the Edmonton region. Historically, the difficulty EDE has had is in strategic positioning. Again, Dean Michael Percy notes, “When you think of Ottawa now, you think of Kanata... Toronto is associated with financial services. How do you package a city like Edmonton that wants to be like Calgary?”<sup>148</sup>

Moreover, Jan Reimer’s lack of success in attracting economic development to Edmonton rested on her non-traditional and principled platform that defended her activist agenda. In doing so, Reimer alienated certain members of the male-dominant local business establishment in Edmonton.<sup>149</sup> Certainly, the Mayor had the backing of certain professionals, most notably lawyers and accountants who supported her throughout her two-term tenure. This may have been done largely so they could continue ‘doing business’ with

the city. This was evidenced during the 1992 electoral campaign between the incumbent, Jan Reimer, and her main opponent, businessman Bill Smith. As Lightbody points out, "This particular Edmonton campaign revealed how much the senior public service themselves had at stake locally in the electoral process, involving themselves far less discretely than their federal and provincial counterparts would have done. Senior managers, prominently including the city manager, police chief, and city clerk, directly intervened in the incumbent's behalf."<sup>150</sup> What this illustrated was a close, symbiotic relationship between elected and appointed officials not witnessed in other spheres of Canada's electoral politics.

This arrangement had far reaching consequences for how the city conducted its business affairs. The cozy relationship between Mayor Reimer and some members of the business establishment were not so much concerned with how economic growth should occur, but rather, whether it should occur at all. The policies implemented by Economic Development Edmonton were focused around planned growth or "smart growth." The general strategy EDE set out to establish through Jan Reimer's tenure was to influence the quality of growth in the city and to minimize its negative impacts. In the early 1990s, the development authority used a variety of methods to direct new development that attempted to anticipate and accommodate growth through a thorough policy and planning framework. This philosophy was in stark contrast to what the Mayor had in mind.



Mayor Reimer focused her energies on whether growth should occur at all, and, if so, how much and how fast. Reimer, to her credit, recognized the limits to growth and made some reasonable assumptions that Edmonton could not grow forever. As Ray Turchansky of the Edmonton Journal wrote, instead of trying to retain existing businesses that were in place when first elected, Reimer believed that a 'pro-growth' ideology of business expansion equated to sprawling urban expansionism of the worst kind. The hidden agenda that she and other far-left councilors brought to the table became part of the machinery of Edmonton's politics.<sup>151</sup> In short, not only did Jan Reimer's tenure as Mayor see the relocation of several major businesses, it also signaled a distrust among the city's elected officials and planners. In many ways, these were one and the same.

On October 16, 1995, Bill Smith was elected Edmonton's thirty-third Mayor. Smith's slogan throughout the campaign was "Let's Get Edmonton Working!"<sup>152</sup> The new Mayor immediately fit into the entrenched "growth machine" of Edmonton's local politics. Because the city is a growth machine, it draws a special sort of person into its politics. These people, whether acting on their own behalf or on behalf of the constituency which financed their rise to power, tend to be businessmen and, among businessmen, the more parochial sort.<sup>153</sup> With the exception of Jan Reimer, Edmonton's mayors have generally conformed to Molotch's description of being politicians that, "come into politics not to save or destroy the environment, not to repress or liberate ethnic groups, and not to eliminate civil liberties."<sup>154</sup> Instead, states Molotch, "people often

become involved in politics at the local level for reasons of land business and related processes of creating new and innovative resources...In others words, jobs.”<sup>155</sup> This is exactly what Smith campaigned on: job creation, pothole repairs and the rebuilding of city streets. The soon-to-be mayor also wanted to replace blue-box recycling with technology-based waste separation. Moreover, he declared that he would not raise taxes in 1993.<sup>156</sup> Clearly, this was a mayor who was determined to reinvent the city around a very corporatist culture.

### **Industry Advancement**

With such a wide diversity of knowledge and experience actively pursuing economic interests for the city, a coherent strategic development plan should have followed for the City of Edmonton. However, from 1993 to 1998, the governing regime placed a considerable amount of time and money promoting the oil and natural gas industry while leaving other key sectors to fend for themselves. In many ways, the focus on oil and natural gas appeared to be a sound strategic maneuver. The province of Alberta had three times the North American average of concentration of oil and natural gas along with North America's second-fastest growth in the energy sector.<sup>157</sup> As Dennis Miller of MilCorp Industries suggests, “As gas imports increased beginning in 1995, the elected officials and EDE should have considered how to further upgrade oil and gas products.”<sup>158</sup> Moreover, Miller notes, “I guess the question that had to be asked at the time...if we are a major distribution hub for this product in its raw form, how could we have enhanced our position by pulling some of that product off and processing it in this community?”<sup>159</sup>

To their credit, Economic Development Edmonton recognized that the oil and natural gas industry could create growth due to the region's competitive labor costs. This indicated that EDE was very motivated to contribute to the governing coalition who became influenced by changes in global markets. However, these changes did not dictate regime character. Moreover, EDE failed to identify 'white spaces' or possibilities involved in the spin off from this industry.<sup>160</sup> For example, both elected officials and senior planners failed to understand "just how bad" Edmonton's transportation system had become. Blair Redlin, President of the Transportation Association of Canada notes that "there is a connection between infrastructure investment and the health of your economy."<sup>161</sup> Redlin was speaking in Edmonton on October 3, 2000 in conjunction with the Association's annual conference and exhibition.

In addition, Redlin suggested that the most successful economies of the world make a commitment to re-invest in various modes of transportation and infrastructure.<sup>162</sup> Moreover, governments around the world are increasingly viewing their transportation systems as assets, which require investment as opposed to simply expenditures. Many of the investments in Canada's highways were made during the 1950s and 1960s, but like everything else, they have a finite life span. From a local point of view, Redlin cited Alberta's North-South corridor, including the Anthony Henday-Ellerslie extension near Edmonton as a much-needed improvement.<sup>163</sup>

Similarly, investment in the fields of biotechnology and high-technical computer products should have been seen as a priority.<sup>164</sup> Perhaps the most

worrisome economic statistics in the last five years come from these two fields. Edmonton's economy is no longer creating jobs in the manner it did in 1990, as job growth has fallen to less than half the almost six percent growth of ten years ago.<sup>165</sup> These numbers suggest that Edmonton cannot keep its highly educated workforce in town because the key sectors of biotechnology and high-technology remain underdeveloped. In other words, local entrepreneurs and researchers are coming up with many innovations, but the manufacturing stage is exported, along with the potentially associated jobs. Currently, Edmonton is rated as being below the North American average in these growing fields, although the number of bio-medically oriented companies grew from three to thirty-six between 1995 and 1998.<sup>166</sup> There is a growing need to expand manufacturing and to develop regional suppliers.

### **A Need for Change**

The evolution of the biotechnology and manufacturing sectors require several processes to occur. Access to capital and skilled managers are critical issues for elected officials and senior bureaucrats in Edmonton's strategic development planning. Again, this is due in large part to the belief that manufacturing should be emphasized. Tony Noujaim of AltaRex Corp suggests that access to small amounts of venture capital does not appear to be the problem. Instead, Noujaim notes that "coming up with millions of dollars for maturing companies is a large problem that needs to be quickly addressed."<sup>167</sup> As for the immediate future, it is likely that these troubled areas would ease as

more biotechnology companies emerge and the chances of venture capital providers succeeding improve.

The emerging picture shows high-technology firms in Alberta, as a whole, to be mostly small, private and owner-operated outfits. Measured against other Canadian high-tech centres like Ottawa, Toronto and Vancouver, Edmonton's contribution to the new economy might appear minimal.<sup>168</sup> There is no critical mass and a distinct lack of big-name players. Yet the Conference Board of Canada says the strength of the oil and gas boom has both fueled Edmonton's construction industry and helped build a potential software and multimedia sector. The current high-tech landscape in Edmonton consists of a couple of big firms, including Telus and telecom equipment manufacturer ADC, a rung of medium-sized outfits, some software developers, and, as mentioned, a potential biotech and pharmaceuticals sector.<sup>169</sup>

The important trend is that most of these companies are making inroads into global markets. EDE estimates there are more than 300 software firms in Edmonton, many of them small and producing industrial products for niche markets.<sup>170</sup> This good news is, however, offset with some harsh realities. The public sector remains the driver of the new economy in Edmonton, mostly through the University of Alberta and a well-funded Innovation and Science Department that has embarked on a \$51-million, two year campaign to double the number of university spaces for information technology students.<sup>171</sup> In addition, EDE has set a major goal in the field of knowledge-based industries. Its

goal is to increase the ratio of 25 of these industries to 25 percent of GDP within seven years.<sup>172</sup>

However, there is one elusive target that continues to trouble the economic development authority: attracting a new economy anchor to Edmonton's economy. In the second part of this chapter, I will demonstrate why corporations and large firms have been reluctant to locate or relocate in the city. Christopher Leo suggests that Edmonton is unlikely to ever be a major centre for company headquarters. According to Leo Edmonton is "still a major centre of government administration as well as health and educational facilities."<sup>173</sup> For Leo, Edmonton lacks the concentration of producer services necessary to accommodate corporate headquarters. Past economic experiences in Edmonton suggest this may be true. However, as will be illustrated, in the last five years the city has laid the foundations of a partial infrastructure for major firms. The difficulty in attracting new businesses may be the result of the number of competing interests *within* the city as well as competition from their regional neighbors.

### **Leduc/Nisku Economic Development Authority**

Like other municipally funded economic development agencies in Canada, the Leduc/Nisku EDA faced a serious legitimacy crisis beginning in the 1990s. A staff of only two people was forced to maintain a business counseling office, market business strategies, and attract and retain existing businesses. This very structured and limited approach had serious consequences for the EDA. The surrounding towns of Calmar, Beaumont, Devon, Millet, and the village of New

Sarepta became concerned that the EDA was 'hiding' behind the need for confidentiality and was virtually a secret society.<sup>174</sup> There was no participation from the community and little understanding of the activities and limited results that were being arrived at by the EDA. This gave rise to a high level of dissatisfaction of the development authority and created a simple choice for the EDA: re-invent or die.<sup>175</sup>

Thus, in 1991, the Leduc/Nisku Economic Development Authority began to look for a solution that would break a wave of discontent that hovered over the Leduc/Nisku region. The answer at the time for Leduc's elected officials and the EDA was to bring forward a 'community as whole' approach to economic development. This entailed bringing business and the community together in partnership, harnessing and focusing their energy to achieve an economic advantage that had been lost as a result of a downturn in the energy sector.<sup>176</sup> Like the Edmonton Region, the EDA had placed focused much of its time promoting and marketing to the energy sector, leading to similar challenges. Both felt the tremors of the downturns in both the provincial and national economies. Similarly, the challenge faced in 1991 by the Leduc/Nisku EDA was no different than those faced by other economic development authorities across Canada. Universally, there was the need to do more with less. The difficulty for smaller authorities, however, was to balance the delivery of services by staff with the need to manage funds to augment their budgets.<sup>177</sup> In a small office with minimal staff this is a self-defeating situation. The greater the time spent on fund raising, the less time spent on economic development strategies.

Importantly, the EDA was faced with having to invent a concept which would deliver increased growth programs, balance limited financial resources, and do this with the same infrastructure. Not only was it obliged to work within the same administrative budget, it was also obligated to work within the same structure.<sup>178</sup> Limited funding was available through founding councils and administered by an appointed board of directors, to whom it had become clear that a complete overhaul in the way in which Leduc/Nisku was doing business was needed. Unlike the city of Edmonton, Leduc/Nisku was void of any single entrepreneur who could pour an immediate influx of capital into its region. In addition, the early results of reforming the EDA were anything but successful. The authority struggled to reach any consensus on what needed to be done to reverse their stagnation. Much attention was paid to privatizing the delivery of services, although this strategy failed miserably as it could not meet the demands to stay within the existing financial structure of the authority.

Finally, it was decided by the EDA and its surrounding seven towns that the challenge was to take economic development out of the boardroom and put it back into the community. The challenge was to harness interest and energy and focus it on a common direction. The final decision made by the various mayors and reeves in the region was to redefine the role of the economic development authority.<sup>179</sup>

### **Pancakes and Partnerships**

More than anything else, the Leduc/Nisku EDA epitomizes the general outline of a coalition of individuals who actively generate the community “we



feeling” that comes to be an influence in the politics and economic development of a given locality. As Molotch notes, “It (the ‘we feeling’) becomes manifest through a wide variety of techniques. Generally it becomes “boosterism” of the highest sorts: the Chamber of Commerce, city-sponsored events and local business ads.”<sup>180</sup> This “boosterism” attitude took root in February, 1992, when the final design for the fledgling Leduc/Nisku Development Authority was unveiled. The newly created Leduc/Nisku Economic Development Partnership was designed to provide a forum for all community groups, businesses and citizens to participate in issues of common interest. From this new partnership, the EDA was able to put together teams of volunteers to address specific issues, develop strategies and programs, and bring together the resources necessary to implement them. The Partnership Program was unstructured, without a board of directors, staff, or mandate.<sup>181</sup> It was simply administered by the EDA, who acted as a facilitator.

From this, John Barnard, Executive Director of the Leduc/Nisku Development Authority, came up with the grassroots slogan ‘Pancakes for Prosperity.’<sup>182</sup> Invitations were sent out to community groups and organizations to meet at breakfast to discuss matters of local importance. Initially, emphasis was placed on marketing to achieve diversification and develop new export markets. Accordingly, various ‘teams’ were recruited to review community needs and to develop a revised economic strategy. These monthly breakfasts continue to this day in an effort to empower the community over individual preferences in the development process.<sup>183</sup>

What has resulted from these meetings has been the coherent message that Leduc/Nisku is 'open for business.' As mentioned, Leduc/Nisku was the product of the energy sector in Alberta and, as such, was prone to the boom and bust cycles of this sector. The challenge was to reduce dependency upon oil and gas and the provincial economy. To make matters simple, a marketing team suggested that a strategy focused on three industrial sectors and three international markets would best promote growth in the region. In the five years between 1992 and 1997, this strategy has provided Leduc/Nisku with a stable and sustainable economic base. It has reduced dependency upon the energy sector, namely oil and natural gas supplies, from approximately 80% to 30% and raised penetration of local businesses in international markets from 5% to 43% in the areas of manufacturing and marketing.<sup>184</sup> What these statistics do not tell, however, is what function local governments play in this process.

Communication is a vital function of any economic development office. The relationship between the local state and developers to augment their own discretionary powers is advantageous to the pro-growth ideology. The fact that politicians, businesses, the media, and community leaders have 'bought into economic development' in Leduc/Nisku is a major advantage for the region as compared to what has existed in the EDE case. The next section of this chapter focuses on the political forces whose activities dictate just how serious regions must be to develop successful economic development strategies. While the city of Edmonton saw groups of partisan politicians offer their own conflicting advice

on growth during the 1990s, the Leduc/Nisku region witnessed a period of continuity at both the development level as well as at city hall.

### **Changes and Challenges For Edmonton**

At the local level it appears as though Edmonton's elected officials need to develop an identity for the city that will enhance efforts to foster economic development. Identifying economic possibilities within the city of Edmonton is an important exercise. However, without realistically matching these with potential markets, they will remain only possibilities. Generally, the aim of economic development planning should be to create wealth based on an economy that is market-driven rather than supply-driven. To do this it is necessary to fit or match core competencies, resource competitiveness, and economic possibilities with future domestic and export market prospects. What is required in Edmonton from both elected politicians and senior bureaucrats is a type of 'over the horizon radar' for continually mapping potential markets and economic possibilities for the future. By matching economic possibilities with identified new and emerging market opportunities, the potential for acquiring businesses and firms can be more realistically assessed.

This is not to suggest that the city of Edmonton has not had any success in attracting capital to the region. The 1978 Commonwealth Games and the 1983 University Games funneled tens of millions of dollars into the city. The Commonwealth Games also provided the city with infrastructure for future events. Commonwealth Stadium and the Argyll Velodrome are just two examples of facilities that supported later efforts to bring major competitions to the city.

Such past events, along with the World Track and Field Championships to be held in 2001 create visibility for a region and place it, for some, on the global map. However, the development key in any 'major' event is to use the momentum gained by these events to develop a message to send regionally as well as globally.

While these international competitions create awareness of a city, they also lay the basis for long-term fundamental goals. For example, the long-term effects of large events on economic development can be compared and contrasted by looking at the Calgary Olympics of 1988. While many of the infrastructure projects built in Edmonton in 1978 no longer exist, Calgary continues to benefit from the Olympic experience. The key to Calgary's success continues to be their quest within long-term growth strategies. This is an issue that Edmonton's planners and officials are still trying to address.

It can be said, then, that up until 1999, Edmonton has had only a minor commitment to real long-term growth from both its elected officials and its economic development body. It appears as though Lightbody's analysis with regards to the conservative stance taken by elected officials in Edmonton appears to hold true for Economic Development Edmonton as well. *Edmonton Sun* reporter Kerry Diotte agrees and suggests this is the case as, like council, "EDE will attempt to put a positive spin on all things concerning Edmonton. If EDE says that the economy is bright, then we, as journalists, should believe that it will be. It's nice to be upbeat, but as a journalist you have to be analytical and look underneath the spin doctoring."<sup>185</sup>

### **Governing from the Grass Roots: Leduc/Nisku in the 1990s**

Since 1992, the questions of accountability and image have not been a major obstacle for a smaller region like Leduc/Nisku. Part of the reason for this is the continuity of the pro-growth faction, which has remained in elected office. Mayor George Rogers has served as Mayor of Leduc for 8 years. His background includes working as a controller in the oil industry, and he presently works part-time as a licensed Realtor.<sup>186</sup> Councilor Judy Archie is presently serving a third term as councilor. Her experiences include being past president of the Leduc Chamber of Commerce. Councilor Greg Kriscke was a former senior marketing and operational management consultant with Air Canada. Furthermore, of the six councilors sitting in the Leduc chamber, all but one have post-secondary schooling. They bring a strong diversity of experience to elected office, and are all strongly pro-growth. What this suggests is a council made up of different interests, but without the competing, partisan agenda seen in Edmonton. This is not to say that there is no 'ideological' slant among elected officials. Of its six elected officials, five have right-wing ideologies and are generally considered 'pro-growth' advocates. This serves as a distinct advantage in the decision-making process, for there is no coalition to form; it is already in place.<sup>187</sup>

In one sense, the city of Leduc is very much a party system. Each councilor works for the interests of business in one form or another. Both the Mayor and councilors understand economic possibilities because they are part of the economic process. They see economic development as being unlimited and

'bought into the economic development process' long ago. Both Leduc's elected officials and economic development authority have fostered an identity as being 'Alberta's International Region,' with the International Airport serving as their economic vehicle.

### **A Strategy for Success?**

As mentioned earlier, the Leduc/Nisku economic development experience was not always a successful one. The early 1990s saw the region become heavily dependent on the oil and natural gas industry. Eighty percent of the companies in the Leduc/Nisku Business Park were companies that dealt solely in these two commodities.<sup>188</sup> Moreover, the success in the Leduc/Nisku region relied upon the success of the provincial economy. In other words, like the Capital Region overall, Leduc/Nisku was in a 'crisis stage' of economic development. Crisis, in this case, refers to a state when a community's existing responses prove inadequate to alter any downward change in economic growth.<sup>189</sup> Recognizing crisis as it pertains to economic development is generally not a problem. Planning to avoid it and managing trouble when it occurs are the areas where both local government and economic development authorities are weakest.

In 1993, Leduc/Nisku sought a remedy to their economic woes. Through monthly meetings with business and community leaders, the Leduc/Nisku Development Authority came up with a strategy that would not only sustain existing players in the region, but also diversify economic development. Using the strategies set out in various American cities, most notably Indianapolis and

West Virginia, the EDA began to 'cluster' industries together.<sup>190</sup> Industry clusters can be described as a loose geographically bounded concentration of similar firms, talent and support institutions that together are able to achieve synergy.<sup>191</sup> Economic development agencies self-select industries and firms into clusters based on their mutual interdependencies in order to increase activity and facilitate business transactions. *A Report on America's New Economy and the Challenges of the Cities* indicated collectively that 18 industry clusters accounted for 54 percent of US employment.<sup>192</sup>

Cluster industries are not a new phenomenon, as they existed before the industrial revolution. Historically, however, cluster industries existed because of strong vertical and horizontal associations with a large manufacturing industry in a location close to the supply of basic resources (for example, coal, iron, timber or major ports).<sup>193</sup> Globalization has fundamentally changed the relationship between cluster industries, with many traditional manufacturing businesses moving offshore to Newly Industrialized Countries (NICs).<sup>194</sup> The new clusters in developed economies are in technology, research, producer services, and small and medium scale specialized manufacturing enterprises, all of which are less dependent on horizontal and vertically integrated functions in the one location.<sup>195</sup> The new clusters are dependent upon knowledge or information centres providing a range of core competencies needed to support technology and other types of enterprises mentioned above.

Furthermore, the 'clustering' of industries is an essential means of understanding the competitiveness of core competencies, strategic infrastructure

and resources within a region. From this analysis regional economic development strategies can be formulated by focusing on building upon these elements of competitiveness so as to enable a region to capitalize on its strategic advantages, thereby enhancing economic and trade performance. There are three elements within the clustering strategy that help guide progress: (1) stretching the existing competencies, efficiencies and resource competitiveness within respective industry clusters, (2) leveraging resources with other industry sectors to create new business opportunities, and (3) combining both stretch and resource leveraging.<sup>196</sup>

In many ways, the Leduc/Nisku experience may be regarded as an unusual case. However, the components that make up their business community are essentially no different from those of any other community or city. Leduc/Nisku was a pure industrial community in 1991. The Nisku Business Park is the largest business park in Western Canada, covering 2,200 acres and accommodating over 400 businesses.<sup>197</sup> Central to the Leduc/Nisku recovery strategy was the issue of strategy formulation. In essence, tradeoffs in the allocation of resources between basic and strategic infrastructure needed to be implemented. It became obvious that with the high degree of concentration in the energy sector, any type of economic diversification would entail an exchange in utility between the agendas of some local officials and the economic benefits of business in order to ensure a continuing process for negotiating resources. In short, as Jacobs notes, "In its very nature, successful economic development has



to be open-ended rather than strictly goal-orientated, and has to make itself up expediently and empirically as it goes along."<sup>198</sup>

Leduc/Nisku therefore, adopted a marketing strategy that called for both prospecting and the retention of businesses that would parallel one another.<sup>199</sup> First, the now autonomous EDA embarked on upgrading their technology to allow for work to be done on a comprehensive and more current database. The EDA needed quick access to the skills, technologies, expertise, and services within and outside the region. This type of marketing intelligence involved the process of building a future picture of the structure of local and external markets and economies with which the region traded.<sup>200</sup> By upgrading existing technology, Leduc/Nisku was able to lock into local and global business, information, government, and research networks. It also provided economic planners the tools necessary to develop a local research bank and an analytical capacity to process and filter information for local business and potential external investors.

Furthermore, the Leduc/Nisku business retention approach called for a prospecting strategy to identify target markets. In their case, energy, the environment and communication industries were chosen as areas where economic gains could be made.<sup>201</sup> Global markets were chosen: Russia and Eastern Europe, South America and China were selected as regions that could be tapped for future development possibilities.<sup>202</sup> These choices indicate that the Leduc/Nisku Economic Development Authority was willing to develop economic strategies that involved risk management. Strategic risk management is best defined as careful analysis of different types, scales, and areas of risk.<sup>203</sup>

Regional risk can generally be overcome at several stages in the economic development planning process. At the policy and strategy level, strategies aimed at diversification and self-sufficiency can help reduce risk exposure in narrow resource-based economies.<sup>204</sup> However, the risk that Leduc/Nisku faced was the fact that broadening their economic base with its relatively small population and a high resource dependency was exceptionally difficult.

However, the strategic architecture that was put in place in Leduc/Nisku provided a buffer for a sudden shift in the economy. By implementing a new technological base and prospecting for new economic resources, the EDA now had the tools necessary to facilitate existing economic growth as well as retain established players in their region. The information resources were available to develop a different approach to business retention. From this evolved an electronic brochure, sector by sector, which showed the products, services, and technology that companies in the region had to offer.<sup>205</sup> The EDA also added material that pinpointed the markets in which businesses were working and the scales of projects they were capable of undertaking. With these tools the region was prepared to develop and implement a new business retention strategy. The strategy was a simple one: to assist companies to maximize their market potential.

Essential to this strategy was the understanding that no one firm or individual was bigger than the other. Regional Mayors and Councilors stepped away from the process of initiating economic development. From this, the EDA set about supporting existing businesses by marketing their expertise,

technologies and capacity as a whole, not just as individual companies.<sup>206</sup> This approach to business retention and marketing the industrial park supplemented the marketing effort of individual companies. This enabled both the development authority as well as the pro-growth elected officials in the region a chance to consider major projects beyond the capacity of any individual company. The opportunity is then evaluated and reduced to components capable of being undertaken by a consortium of local companies.<sup>207</sup> For example, if the region did not have any one company capable of building an oil refinery, the EDA would attempt to bring together five or six local businesses that could create that ability. In short, this practice could create a larger firm which would come together to work on a project and then disband back into its original form.

Thus, the creation and reinforcement of cluster industries to drive regional economic development was vital to the planning of Leduc/Nisku's future. Many clusters in the region had remained latent, needing the implant of core competencies, strategic infrastructure, and resources to emerge from mere innovation. Understanding how to establish and support the established and emergent clusters was a long, drawn-out process for both the region's economic planners and elected officials. What can be taken away from the Leduc/Nisku economic experience is that a challenge cannot be faced in isolation. It is a challenge that requires the local building of leadership, civic engagement, networks and partnerships that are long lasting, and constantly innovating as well as autonomous.

One of the keys to local success is an organized effort by elected officials to affect growth distribution. Although it is not the only function of the local state, it is the key element and, ironically, has been the most ignored in Edmonton over the past ten years. Growth is not simply one among a number of equally important concerns of political process. Among social scientists, Murray Edelman has provided appropriate conceptual work for viewing government in such terms. Edelman contrasts two kinds of politics.<sup>208</sup> First there is the “symbolic” politics that has encompassed the city of Edmonton over the past 25 years. The conservative stances of politicians, concerned first and foremost with being reelected, has resulted in an increasing effort to pursue public morality and symbolic reforms rather than new developmental strategies.<sup>209</sup> The other politics, the politics of autonomy, practiced since 1991 in the Leduc/Nisku region, has seen economic development promoted through the autonomy of its developers to determine who, in material terms, gets what, where and how. Economic development in the Leduc/Nisku region has promoted the autonomy of its economic developers to determine whom, in material terms, gets what, where, and how. This type of arrangement between the Leduc/Nisku Economic Development Authority and its elected officials was very different than the relationship between the local state and Economic Development Edmonton.

### **A City's Challenge**

Historically, the City of Edmonton has had a relatively poor track record in retaining and marketing existing businesses. Economic development strategists have tended to have a poor understanding about how to plan and manage

regional economic development in a climate of regional and global competitiveness and rapid change. As mentioned in Chapter Two of this work, both Economic Development Edmonton and the city's elected officials have opted for a unified 'Grand Accident' method of economic development, rather than focusing on business retention and diversification. Many different strategies have been developed over the past ten years in Edmonton to facilitate economic development. Common strategies have included (1) recruiting firms from other regions and countries, (2) support for new businesses, and (3) revitalizing existing infrastructure in hopes of attracting new business. To a large extent, these policies have failed due to a lack of continuity in the message the city wishes to promote. Pat Klak, Regional Coordinator for the Leduc/Nisku Development Authority sums up Edmonton's economic difficulties,

The reason why Leduc/Nisku has been so successful is the fact that we have created a community of champions. This includes the local media and all forms of business. They walk the talk of Better Business Practices. Where the City of Edmonton has failed is in the area of creating a climate that induces development. Slogans such as Smart City, City of Champions may not necessarily be at odds with each other, but they have never fully been realized.<sup>210</sup>

To their credit, Economic Development Edmonton has recently admitted to prior mistakes. Doug Girard, Vice President of Business and Technology at EDE notes, "I think one of the reasons why we haven't had the growth other cities in Canada have had is the fact that we have failed to identify ways in which industry can become more competitive. This involves continually looking at economic inputs such as infrastructure, knowledge-based industries, and marketing. Of course, we have never had the mandate to pursue such objectives."<sup>211</sup> From

this, EDE has come to realize that strategic architecture provides the tools and support necessary to facilitate economic growth. It does not create engines or vehicles by which economic development occurs. The principle engines of economic development come from central governments and business. However, due to a lack of funds available, the role of local government as a central vehicle for economic development is declining. Instead, it will be industry, and more specifically, specialized cluster industries, that will play an increasing role in the creation and accumulation of wealth and employment in regions in the future.<sup>212</sup>

### **Edmonton Economic Commitment**

In May of 2000, Economic Development Edmonton took a million-dollar calculated gamble when it hired an American Consulting firm, ICF Consultants to help develop a “competitiveness” strategy for economic growth for the Edmonton area.<sup>213</sup> The ICF approach called for radical changes in the way business and the community view the local economy. The ICF strategy, titled *The Greater Edmonton Competitiveness Strategy*, consists of four phases. The first, mobilization, is an attempt to reach out to stakeholders in government, industry, and institutions across Greater Edmonton to secure their willingness to engage in drafting an economic strategy. Second, diagnosis is an effort to develop a point of departure for the region based on an assessment of the regional economy applying a new set of economic criteria. Third, the collaborative strategy, proposes to gather industry groups together that represent the major drivers of the region’s economy, their suppliers and supporting economic institutions; these will converge to define their shared competitive challenges. Finally, the

implementation phase, is an attempt to form regional cluster strategies that will be integrated along with cross-cutting flagship initiatives into the Competitiveness Strategy.<sup>214</sup>

*The Greater Edmonton Competitiveness Strategy* signals an important challenge for the retention and diversification of business in Edmonton. Business leaders will have to put their biases aside, and the local state will have to grant autonomy, as was the case in Leduc/Nisku, for this plan to work. Business will have to 'buy into' an economic development strategy that by no means guarantees success for their individual firms. So far, the results have been encouraging. Business leaders have taken an optimistic approach to the plan as many have engaged in a collaborative effort to work in various "cluster groups."<sup>215</sup> This has also signaled some early success for the ICF approach as well. Mobilizing the business community to work toward common goals rather than waiting for local state intervention indicates there is a commitment within the city to make it prosper.

In addition, the ICF report calls for collaboration among competitors in seeking bigger markets; it asks related industries to put aside turf protecting and work together for common needs. The development strategy also requests that Edmonton, a city without major head offices, begin to think globally or risk being left behind. The report is clear in its recommendation that a region with a scarcity of venture capital must find a way to move its inventions from the idea stage to manufacturing.<sup>216</sup>

### **Edmonton: A Perfect Time to Cluster**

In many ways, *The Greater Edmonton Competitiveness Strategy* has come at the right time for the City of Edmonton. Greater Edmonton has its lowest unemployment rate in ten years, a gross domestic product second in Canada only to Ottawa, and the most statistically-diversified economy in the country.<sup>217</sup> In contrast, the Leduc/Nisku experience in the clustering of industry came at the region's lowest point economically. Not only was the region combating the boom and bust oil and gas cycle, they were also odds with their seven surrounding towns and villages over the attempted annexation bid by the city of Edmonton. Moreover, in October 2000, Edmonton had reason to celebrate as they received news that Telus would be placing its largest division of labor in Edmonton. The telecommunications company's new Consumer Services Division, for provision of products and services to residential customers in Alberta and British Columbia could bring as many as 4,800 new jobs to the city.<sup>218</sup>

However, even with a relatively strong economic base to work from, long-term planning is needed to keep Edmonton strong. As part of the 250-page diagnostic assessment of the city, ICF vice president Jim Gollub warns that the city's strong foundation cannot be sustained unless businesses work together to become global exporters.<sup>219</sup> In *The Greater Edmonton Competitiveness Strategy*, Gollub notes that "Edmonton has one of Canada's strongest economic metropolitan areas...The energy and construction sectors are driving a lot of the economy. That's good for now, but it is not enough to sustain the city in the future. The rate of economic growth is already showing signs of tapering, as is



population growth. Moreover, disparities in the region, along with environmental concerns, could threaten economic growth.”<sup>220</sup>

From this, *The Greater Edmonton Competitiveness Strategy* will attempt to fulfill two major objectives. First, it gives the local state and EDE an action plan that describes specific actions and tasks supporting the development of strategic infrastructure and economic development initiatives without unnecessary meddling from elected officials. The strategy outlines the necessary actions and identifies the agencies and organizations responsible for execution of the actions, the required resources needed, and the anticipated time frame in which the plan should start.<sup>221</sup> Historically, the City of Edmonton has attempted to guide economic development without any regional benchmarks. This has led to an incoherent philosophy on what constitutes economic growth in the region and has made it difficult to evaluate the competitiveness of the city. The Greater Edmonton plan insists on benchmarks, indicators and the adoption of best management practices that will allow elected officials and Economic Development Edmonton to learn best practices, track community progress, and measure this growth towards organizational objectives.<sup>222</sup>

In essence, the action plan set out by ICF is a reality check on how the city of Edmonton should plan for the future. Not only does the competitiveness strategy take into account the need for business retention; it also maps out realistic economic goals for the future. As mentioned, the 1990s saw major large firms relocate outside the city limits due to a lack of a coherent message and strategy put forward by Edmonton’s senior management and elected officials. As

Jim Gollub of ICF explains, "Not having headquarters in Edmonton is a bother, because the autonomy that a local company has is not the same as a company that's head quartered elsewhere. Greater Edmonton should have more companies that start here and stay here."<sup>223</sup> There are no Sears Towers that stand like sentinels on Edmonton's skyline, and no monoliths that pay homage to Shell Canada. However, there are a series of homegrown success stories that ICF and Economic Development Edmonton plan to capitalize on through economic clusters.<sup>224</sup>

What this indicates is that both Economic Development Edmonton as well as the ICF Corporation have set a preliminary direction for Edmonton's economic future. However, in order to realize the strategic intent for the growth of small businesses there is a need to build upon core competencies, infrastructure, available resources and support machinery to enable this to happen. To their credit, ICF and EDE have a good start on this initiative. Both groups have established the strategic architecture to build upon existing firms. Strategic architecture in this case refers to a 'game plan' or 'blue print' has been put in place for realizing strategic intent. This proposal focuses on three questions about how best to foster economic development and while retaining existing business. First, *The Greater Edmonton Competitiveness Strategy* analyzes what core competencies to build or maintain on a sector basis. Second, the plan seeks to find out what sector markets are needed to be further developed or maintained. Finally, ICF and EDE seek to answer what infrastructure needs to be developed.

### **Edmonton Beginning to Emerge**

Importantly, early results from these questions indicate that the City of Edmonton is moving forward psychologically and economically. By admitting to past economic failures, the city and its developers have moved beyond the process of visioning their city as being 'second-rate.' Instead, as Doug Girard of EDE states, "This time we have decided to take the higher road. In this case the higher road is to focus our energies on building a sustainable economy. At one time it bothered each and every one of us that we were being compared to Calgary and other markets. This strategy has given us the economic tools to look beyond that."<sup>225</sup> This sense of optimism may be due to the foundation on which the competitiveness strategy sits. Edmonton has a University that has attracted \$212 million in research in 1999, fourth most of all Canadian universities.<sup>226</sup> Furthermore there is no payroll or sales tax in the province. The city is also home to one of the most educated workforces in the continent, with 40% of people over the age of 25 having a post-secondary degree or diploma.<sup>227</sup>

In addition, economic development strategy has earned high praise from Edmonton's surrounding suburban neighbors. Pat Klak, Regional Coordinator for the Leduc/Nisku Economic Development Authority, calls the plan a "huge step forward."<sup>228</sup> Klak is also encouraged by the perception that Economic Development Edmonton now has a long lasting mandate to build "strong, stable and diversified industries." Strathcona Mayor Vern Hartwell suggests that the competitiveness plan will allow for more cooperative regional ventures with

Edmonton and will open the door for a 'business friendly' atmosphere with Edmonton's economic developers.<sup>229</sup>

Economically, *The Greater Edmonton Competitiveness Strategy* has identified eight industries that are most in need of work.<sup>230</sup> For example, in the area of information and media services, the strategy asserts that "this cluster is a critical challenges both information and media systems are lagging and falling behind. There is not been much domestic and local customers and you (Edmonton) need to find ways to export to markets."<sup>231</sup> Information and media systems include export industries such as software developers, radio, television, and film production and other content publishers. Growth in these areas is far below the North American average and lags behind other Canadian centres such as Calgary, Vancouver, and New Brunswick. Moreover, developments in the use of the Internet offer new opportunities for the establishment of medium-size businesses, yet Greater Edmonton has not yet developed a focus in this area.<sup>232</sup>

In addition, the transportation and logistics sector of Edmonton's economy are in poor shape. These areas include export industries such as trucking companies, air cargo services and wholesalers and brokers. Presently, Greater Edmonton has a below average concentration in this area. It has fallen behind other competing Canadian centres such as Calgary and Regina.<sup>233</sup> In the year 2000, transportation companies spent the majority of their money on getting products to markets, and industry itself began to take on a whole new identity. Thus, the Greater Edmonton region needs to define what this new identity is and make sure it is the driver and supporter of all other industries. While

transportation and logistics continue to grow drastically worldwide, this cluster is not as concentrated as it should be in a city with the population of Edmonton's. In fact, the transportation and logistics cluster in Edmonton has been declining relative to the North American average growth rate of 1.6% per year.<sup>234</sup>

The below average performance of both the information and transportation sectors may be the result of another concern in the area: the lack of venture capital. According to Jim Gollub of ICF, venture capital is scarce throughout the province of Alberta and even more so in the Edmonton region. This is due to the fact that there are no venture capital funds headquartered in Greater Edmonton and little representation by other venture capital organizations.<sup>235</sup> Although there are a number of investors available for small to medium size transactions, there is little funding for seed and start-up enterprises. In 1999, Alberta captured only 5% of the total venture capital invested in Canada. In contrast, Ontario-based companies accounted for 46% of capital invested, Quebec for 27% and British Columbia for 9%.<sup>236</sup>

Moreover, those companies seeking to establish a presence in the Edmonton region face several barriers. First, the inability of Alberta institutions to invest in regional venture capital funds discourages institutions from outside Alberta from exploring regional investments.<sup>237</sup> Second, in Alberta, the absence of institutional investment is a serious roadblock. Throughout the rest of Canada, labor sponsored venture capital funds continue to be the most active investors accounting for 28% of all investments.<sup>238</sup>

From this, two things can be taken from *The Greater Edmonton Competitiveness Strategy*. First, although Edmonton has fallen behind other Canadian cities in various economic sectors, the various 'cluster groups' set up in each of the eight industry-related areas can form a foundation from which positive changes can be made. Second, the ICF Report does not just point out the economic flaws in the Edmonton economy, it outlines a strategy or "action plan" to achieve long term positive results in key economic sectors. For example, in the information and media sector, the competitiveness strategy suggests that Edmonton lacks investors that are knowledgeable in information technology.<sup>239</sup> As a result companies that are incubated in Edmonton often end up going elsewhere. As Russ Matichuk, chief financial officer of CelCorp notes, "There's a couple of ways you're going to get maturing companies. One is with the financing, another is with management and they have to work hand in hand."<sup>240</sup> In other words, if Edmonton and its economic planners do not have the financing available to them, they will not be able to attract the right people.

The goal, then, is to market the City of Edmonton on the basis of its positive attributes rather than its negative economic past. The strength of the Greater Edmonton market is that the cost of doing business in Edmonton is extremely low. Housing costs in the city are much lower than in comparably sized cities across North America. Furthermore, among Canadian cities, only Montreal offers a comparable cost of production, the city of Edmonton is a considerably cheaper place to do business than manufacturing centres in the South, West, or Northeast U.S.<sup>241</sup> Finally, companies willing to relocate to

Edmonton have a good return on taxation. With soon to be implemented tax reforms, Edmonton's tax competitiveness will be the most attractive of major Canadian cities and will move ahead of competitor regions such as Phoenix, Seattle, San Jose, Minneapolis, and Boston.<sup>242</sup>

### **Conclusion**

Although the results of *The Greater Edmonton Competitiveness Strategy* may be years away from analysis, the city of Edmonton and its senior officials have taken positive steps in the economic development process. First, there is a sense in Edmonton that the multiple visions of economic growth have dissipated among elected officials and stakeholders. There is no longer a question of whether the city of Edmonton should have a stable, sustainable economy, but when and how. Planning for economic success is difficult, but by implementing a long-term plan that concentrates on the clustering of core competencies, Edmonton has taken a giant strategic leap forward. The city has finally removed itself from the 'Grand Accident' theory of economic development and taken charge of its own destiny by identifying an ideal economically diverse base and setting the specific goals towards reaching and maintaining that.

Moreover, in contrast to the Leduc/Nisku region, Edmonton is embarking on an economic platform with a strong economic foundation. In 1991, Leduc/Nisku began 'clustering' core competencies in the middle of a vicious boom-bust cycle. In the year 2001, Greater Edmonton is one of Canada's strongest economies. The region has a strong and diverse portfolio of 'old economy' and 'new economy' clusters, both of which have done well and all are

becoming technology-driven. While Edmonton is growing at a modest and steady level, the city remains heavily dependent on the energy industry as well as public and private investment. The next step in this evolutionary economic phase will be to accelerate the adoption of innovation and change on both the supply and demand side of the regional economy. In short, *The Greater Edmonton Competitiveness Strategy* has given the local business community and local state a reason to be optimistic. By defining Edmonton as an economy that is technologically and community-driven. Responsibility for growth has been taken out of the boardroom and placed in the hands of regional stakeholders and community leaders. If nothing else, *The Greater Edmonton Competitiveness Strategy* has already been a refreshing exercise in autonomous strategic development.



## **Chapter Four—Regime Reassessment**

The implementation of *Greater Edmonton Competitiveness Strategy* is a drastic departure from the way the city of Edmonton is used to doing business. The autonomous mandate given to Economic Development Edmonton and the ICF Consulting Group signaled a change in the regime character in Edmonton. Politicians responsive to special interests have refrained from meddling in the economic development process, and the early perception by local media and business interests in the city has been positive.

More importantly, from the perspective of EDE's new mandate, it appears as though an informed local government and economic development agency can play a major role in developing responsible growth policies. The leadership of Edmonton's urban regime historically entwined itself with narrow, special interests within the city's entrepreneurial growth machine. The new drive to encourage active public participation in the Greater Edmonton strategy is thus directly opposed to the economic development schemes of the 1980s and 1990s, when partisan politicians and a small group of individual entrepreneurs controlled the levers of growth. The consequences then were that the city was left behind in the wake of provincial and national economic downturns and globalization. The new economic mandate given to Economic Development Edmonton allows economic developers the autonomy to pursue growth without interference by locally elected officials and senior bureaucrats.<sup>243</sup>

The fragmented growth in the city of Edmonton during the 1980s and early 1990s also illustrates, as Clarence Stone argues, that local politics does

matter.<sup>244</sup> The developments in Edmonton as they unfolded in the past two decades were influenced by a series of factors that might easily have been different. The inflexibility of the Bank of Montreal on issues that had more to do with managerial ineffectiveness than with the bank's economic interests, the skill of the manipulation by Peter Pocklington and the Triple Five Group together with the vulnerability of fragmented city council were all factors that had a pivotal influence on outcomes. None of these were predetermined by Edmonton's economic circumstances.

The progressive Downtown Area Redevelopment Plan (DARP) of the early 1980s and the activist *Heart of the City* proposal were programs that had been thought through carefully and could have formed a basis for political action on behalf of Edmonton's economic regime. Given the unsuccessful outcomes of the decisions that were taken, and given the economic loss to the city in the Eaton Centre concessions, the alternatives could hardly have been worse. However, the plans of activist and progressive factions were not realized because neither URGE nor the corporate activists were able to form a coalition with the capacity to govern. As a result, and as Stone has noted, elsewhere they remained dissenters and the initiative was held by a passive faction whose only strategy was reaction to events controlled by others.<sup>245</sup>

While Edmonton struggled internally to develop a coherent economic development message, the smaller suburban region of Leduc/Nisku, faced with many of the same economic problems as Edmonton, began to enact major economic reforms. The Leduc/Nisku Economic Development Authority (EDA),

created in 1989, acted to implement positive community and economic reforms. By its very nature, reform calls for overturning existing practices and putting in place new ones. The EDA gambled that both elected officials in the city of Leduc as well as representatives from the seven surrounding regions would 'buy into' a cohesive economic arrangement that focused on long-term growth.

Though reform always operates at a disadvantage in competition with the status quo, the development agency was forced to reinvent itself as it faced a distrust of existing policies from its citizenry and economic downturns in the provincial and national economies. The EDA began to implement economic development purposes that were consistent with established lines of cooperation. To their credit, the EDA was able to see the advantages of developing core competencies to act as a buffer during the economic downturn of the early 1990s. As well, the Leduc/Nisku region felt threatened over a long standing bid by the city of Edmonton to annex it. Although annexation has sometimes been proposed as a more effective way of delivering services at a much lower cost, its effects on economic development are questionable. As Dean Michael Percy points out, "In fact, in public finance literature, competition among regions is considered good because it forces businesses to reveal the true costs of providing services."<sup>246</sup>

The Leduc/Nisku Development Authority was able to harness the broader public interests of the community it served. It sought to keep its businesses and elected officials informed and actively involved in public policy development. The EDA was given autonomy to find ways to promote and sustain economic

development by local mayors and reeves. This was not a surprise as many of the region's elected officials espouse a "pro-growth" ideology in local affairs, and work part-time in the private sector. The EDA employed the 'Best Practices' principle to economic planning and the region was able to develop continuity in the economic development process through the boosterism of numerous volunteers who worked on joint ventures. In addition, while the city of Edmonton promoted itself through a number of catchy slogans, the EDA has established the Leduc/Nisku as "The International Region." This message has not changed in seven years.

What is different about the most recent period in Edmonton's approach to economic development is the more widely spread acknowledgment that an uninformed council, unwilling to take expert advice as they negotiate with professionals from the internal and external development communities, becomes acutely vulnerable. So, the approach had to change. There are many explanations as to why this new perception about how economic growth should emerge. Among these may be that Edmonton's elected officials became more aware that their role as initiators of economic development has passed, and that their role in the local economic process may best be to facilitate development rather than manage it. Furthermore, the lessons learned in the 1980s and 1990s may have forced local government to become more patient in the planning process. Far from taking a 'Grand Accident' approach to growth, it has been painfully learned that what is needed is a long-term commitment to a continuity that accommodates innovation in the economic development process. Indeed,

local businesses seem to have realized that by putting their own turf protecting interests aside, a healthy economic environment can be realized. Lastly, Economic Development Edmonton, unable to bring forward a coherent message of the Edmonton region since 1993, has finally been able to look to planning professionals outside the community to provide focused analysis of how and where growth should take place.

All of these factors have a role to play as Edmonton seeks to find its place in the new globalized economy. The important thread, though, is the acceptance by locally elected officials that Economic Development Edmonton can provide the 'platform for change' in the way in which the city does business. In this, *The Greater Edmonton Competitiveness Strategy* gives the business community and the local state a series of benchmarks for sustaining and diversifying core competencies through various industry clusters. This is important because, for the first time since EDE's inception, it has a strategy which delineates the costs and benefits of community growth and which clearly and objectively allocates time and resources for economic development.

This industrial cluster analysis provides the Greater Edmonton region with a tool to better understand its regional economy. The support of both the Leduc/Nisku Economic Development Authority as well as Strathcona Mayor Vern Hartwell, suggests that Edmonton's suburban neighbors realize that increased regional prosperity is achieved by creating a positive environment in which all areas in the region will benefit. In addition, local infrastructure and collaborative efforts afford cluster industries other advantages that are a result of their shared

geographic location and common goals. While the total number of jobs in comparative-advantage industries in a region may not represent the majority of the region's employment, for example, these industries are the economic engines for the rest of the community.

In the new economy, the most successful city-regions have a clear vision of the overall resources they have to offer (human and physical) and knowledge of where they want to position themselves economically. These cities are typically targeting businesses and business functions which need those resources. Historically, the city of Edmonton has been a reluctant regime; that is, both the local state and its economic planners were reluctant to choose a particular direction because of the fear that they might be perceived as excluding other types of local concerns.

Ultimately, convincing a company to relocate or stay in Edmonton is only part of the battle; global market forces will continue to play a large role as well. However, and as the Leduc/Nisku experience suggests, creating a long-term autonomous growth strategy which allows for wider community participation in economic development initiatives is imperative. This not only enhances the perception that the city of Edmonton is 'open for business,' but also indicates that the city of Edmonton is anything but reluctant in its quest for economic advantage.

## **End Notes**

### **Chapter One Notes**

<sup>1</sup> *The MIT Dictionary of Modern Economics*, Fourth Edition, edited by David Pearce (1999) pp. 119.

<sup>2</sup> This view is held by Dr. Michael Percy, Dean of Business, University of Alberta. Interview by author, tape recording. Edmonton, Alberta, 11 September 2000.

<sup>3</sup> *Ibid.*

<sup>4</sup> John Barnard "The Leduc/Nisku Economic Development Experience," in the *Economic Development Review*, Winter (1993), 51.

<sup>5</sup> *Ibid.*, 50.

<sup>6</sup> Alan Altschuler and Jose A. Gomez-Ibanez, "Regulation for Revenue: A Political Economy of Land-Use Extractions," *Brookings Institute*, January 1993.

<sup>7</sup> Eben Fodor, *Better Not Bigger: How to Take Control of Urban Growth and Improve Your Community* (British Columbia: New Society Publishers, 1999), 29-31.

<sup>8</sup> *Ibid.*, 31-34.

<sup>9</sup> Amy Ellen Schwartz and Ingrid Gould Ellen, "Cautionary Notes for Competitive Cities," *Brookings Institute*, May 2000

<sup>10</sup> James Lightbody, "City Campaigns on the Cusp and the Edmonton Mayoralty Election of 1992," in the *Journal of Canadian Studies*, 32 (1): 115-117 (1997).

<sup>11</sup> Roy MacGregor, *Road Games: A year in the Life of the NHL* (Toronto: MacFarlane Walter & Ross Publishers, 1993), 268-269.

<sup>12</sup> Christopher Leo, *The Subordination of the Local State: Development Politics in Edmonton* (Institute of Urban Studies: University of Winnipeg, 1995), 21-22.

<sup>13</sup> *Ibid.*, 21

<sup>14</sup> John Barnard, The Leduc/Nisku Economic Development Experience, 50-51.

<sup>15</sup> *Ibid.*, 51.

<sup>16</sup> *Ibid.*, 51.

<sup>17</sup> Eben Fodor, *Better Not Bigger*, 11-12.

<sup>18</sup> Harvey Molotch, "The City as a Growth Machine: Towards a Political Economy of Place," in the *American Journal of Sociology*, vol. 82 (2): 309-311 (1976).

<sup>19</sup> Eben Fodor, *Better Not Bigger*, 30-31.

<sup>20</sup> *Ibid.*, 31.

<sup>21</sup> Clarence Stone, "The Study of the Politics of Urban Development," in Clarence Stone and Heywood T. Sanders, eds., *The Politics of Urban Development* (Lawrence, Kansas: University of Kansas Press, 1987), 269-276.

<sup>22</sup> These regime descriptions are best summarized in Christopher Leo's "The Subordination of the Local State: Development Politics in Edmonton" (Institute of Urban Studies: University of Winnipeg, 1995), 3.

<sup>23</sup> *Ibid.*, 9

<sup>24</sup> Paul C. Huszar & David W. Seckler, "The Perverse Dynamics of Growth," in Paul Huszar ed., *Change and Growth* (Colorado: Colorado State University Press, 1975), 78-83.

<sup>25</sup> Christopher Leo, *The Subordination of the Local State*, 6.

<sup>26</sup> James Lightbody, "Edmonton," in Warren Magnusson and Andrew Sancton eds., *City Politics in Canada* (Toronto: University of Toronto, 1983), 50-51.

<sup>27</sup> Tim Thomas, "Movements, Parties, and Politics," in James Lightbody ed., *Canadian Metropolitics: Governing our Cities* (Mississauga: Copp Clark Publishers, 1995), 120-122.

<sup>28</sup> Gerald Friesen, *The Canadian Prairies: A History* (Toronto: University of Toronto Press, 1987), 450-455.

<sup>29</sup> *Ibid.*, 455-456.

<sup>30</sup> Christopher Leo, *The Subordination of the Local State*, 8-9.

<sup>31</sup> *Ibid.*, 9-10.

<sup>32</sup> *Ibid.*, 11.

<sup>33</sup> *Ibid.*, 11.

<sup>34</sup> *Ibid.*, 7.

<sup>35</sup> Stephen Elkin, "State and Market in City Politics, or the 'Real Dallas,'" in Clarence Stone and Heywood T. Sanders, eds., *The Politics of Urban Development* (Lawrence, Kansas: University of Kansas Press, 1987), 271-273.

<sup>36</sup> This background was provided by Pat Klak, Executive Assistant for the Leduc/Nisku Development Authority. Interview by author, tape recording. Leduc, Alberta, 10 October 2000.

<sup>37</sup> *Ibid.*

<sup>38</sup> This philosophy was noted by John Barnard, the Executive Director of the Leduc/Nisku Economic Authority. Interview by author, tape recording. Leduc, Alberta, 10 October 2000.

<sup>39</sup> *Ibid.*

<sup>40</sup> Interview with Pat Klak, 10 October 2000.

<sup>41</sup> *Ibid.*



<sup>42</sup> *Ibid.*

<sup>43</sup> Interview with John Barnard, 10 October 2000.

### **Chapter Two Notes**

<sup>44</sup> Frederick L. Ackerman, "Where Goes the City-Planning Movement?" in the *Journal of the American Institute of Municipal Planning* 7 (December, 1987), 519

<sup>45</sup> Christopher Leo, "The Urban Economy and the Power of the Local State," in Frances Frisken ed., *The Changing Canadian Metropolis: A Public Policy Perspective Volume II* (Toronto: Canadian Urban Institute, 1994), 664.

<sup>46</sup> *Ibid.*, 664.

<sup>47</sup> *Ibid.*, 665.

<sup>48</sup> *Ibid.*, 665.

<sup>49</sup> The City of Edmonton: "The Mayor's Task Force on the Heart of the City," 1984. *Final Report: A Blueprint for the 21<sup>st</sup> Century*, 38.

<sup>50</sup> *Ibid.*, 38.

<sup>51</sup> *Edmonton Journal*, 29 August 1984.

<sup>52</sup> Edmonton Planning and Building Department (August 31, 1984), *Summary of the Effect of Bylaw #7801*.

<sup>53</sup> *Ibid.*, August 31, 1984.

<sup>54</sup> Christopher Leo, *The Urban Economy and the Power of the Local State*, 670.

<sup>55</sup> Edmonton Planning and Building Development, (March 3, 1985) *The Reevaluation of Bylaw #7801*.

<sup>56</sup> Christopher Leo, *The Urban Economy and the Local State*, 675.

<sup>57</sup> *Ibid.*, 675.

<sup>58</sup> *Ibid.*, 675.

<sup>59</sup> *Edmonton Journal*, 8 July 1981.

<sup>60</sup> Christopher Leo, *The Subordination of the Local State*, 12.

<sup>61</sup> *Ibid.*, 13.

<sup>62</sup> *Ibid.*, 14.

<sup>63</sup> *Ibid.*, 14.

<sup>64</sup> *Ibid.*, 14-15.

<sup>65</sup> *Ibid.*, 15.

<sup>66</sup> Martin Shefter, *Capital of the American Century: The National and International Influence of New York City* (New York: Sage Publications, 1985), 26-27.

<sup>67</sup> John Logan and Harvey Molotch, *Urban Fortunes*, 286.

<sup>68</sup> Christopher Leo, *The Urban Economy and the Power of the Local State*, 678.

<sup>69</sup> *Ibid.*, 678.

<sup>70</sup> Tim Thomas, "When 'They' is 'We': Movements, Municipal Parties, and Participatory Politics," in James Lightbody ed., *Canadian Metropolitics: Governing Our Cities* (Toronto: Copp Clark Publishers, 1995), 121-122.

<sup>71</sup> *Ibid.*, 121-122.

<sup>72</sup> Christopher Leo, *The Urban Economy and the Power of the Local State*, 683.

<sup>73</sup> David Ley, "Liberal Ideology and the Postindustrial City," in the *Annals of the Association of American Geographers*, 70 (2): 238 (1984).

<sup>74</sup> *Ibid.*, 222.

<sup>75</sup> *Ibid.*, 238.

<sup>76</sup> Christopher Leo, *The Urban Economy and the Power of the Local State*, 685.

<sup>77</sup> David Ley, *Liberal Ideology and the Postindustrial City*, 252.

<sup>78</sup> Christopher Leo, *The Urban Economy and the Power of the Local State*, 687.

<sup>79</sup> *Ibid.*, 687.

<sup>80</sup> John Logan and Harvey Molotch, *Urban Fortunes*, 287.

<sup>81</sup> Christopher Leo, *The Urban Economy and the Power of the Local State*, 692.

<sup>82</sup> Bruce Katz and Jennifer Bradley, "Reinventing the City: The Brookings Review," in *The Brookings Institute Monthly Review*, 18 (12): 26-27 (2000).

<sup>83</sup> Interview with Pat Klak, 10 October 2000.

<sup>84</sup> *Ibid.*

<sup>85</sup> *Ibid.*

<sup>86</sup> John Barnard, "Best Practices for Economic Development Organizations," in the *Leduc/Nisku Economic Development Authority's Working Papers*, 1999, 7.

<sup>87</sup> *Ibid.*, 7-8.

<sup>88</sup> This term is referred to most readily in Mike Pedler, John Burgoyne and Tom Boydell's *The Learning Company: A Strategy for Sustainable Development* (Toronto: McGraw-Hill Publishers, 1991), 57-58.

<sup>89</sup> *Ibid.*, 59.

<sup>90</sup> John Barnard, *Best Practices for Economic Development Organizations*, 7-8.

<sup>91</sup> Douglas Porter, *The Practice of Sustainable Development* (New York: Island Press Publishers, 1986), 78-81.

<sup>93</sup> The term 'Best Practices' can be applied to many variables in the development process. I use the term as defined in Lance Secretan's *Reclaiming Higher Ground: Creating Organizations That Inspire the Soul* (Toronto: Macmillan Canada Publishers, 1996), 12.

<sup>94</sup> *Ibid.*, 12-13.

<sup>95</sup> John Barnard, *Best Practices for Economic Development Organizations*, 3.

<sup>96</sup> *Ibid.*, 3-4.

<sup>97</sup> *Ibid.*, 7.

<sup>98</sup> *Ibid.*, 7.

<sup>99</sup> Interview with Pat Klak, 10 October 2000.

<sup>100</sup> John Barnard, *Best Practices for Economic Development Organizations*, 8.

<sup>101</sup> *Ibid.*, 9.

<sup>102</sup> Lance Secretan, *Reclaiming the Higher Ground*, 45-47.

<sup>103</sup> Interview with John Barnard, 10 October 2000.

<sup>104</sup> John Barnard, *Best Practices for Economic Development Organizations*, 12.

<sup>105</sup> *Ibid.*, 12-13.

<sup>106</sup> *Ibid.*, 12.

### **Chapter Three Notes**

<sup>107</sup> Brian Roberts, "Inventing a Future for Regions: New Frameworks for Regional Economic Development Planning," Paper Submission to the *Western Regional Science Association Annual Conference*, Hawaii, 23-27 February 1997, 1.

<sup>108</sup> *Ibid.*, 1.

<sup>109</sup> *Ibid.*, 8.

<sup>110</sup> Clarence Stone, "Atlanta's Biracial Coalition in Transition," *Working Paper Prepared for the Annual Meeting of the American Political Science Association*, Washington, DC. August 31-September 3, 2000.

<sup>111</sup> Brian Roberts, *Inventing a Future for Regions*, 4.

<sup>112</sup> *Ibid.*, 4.

<sup>113</sup> Michael Castells and Peter Hall, *Technopoles of the World: The Making of the 21<sup>st</sup> Century Industrial Complexes* (London: Routledge Publishers, 1994), 76.

<sup>114</sup> Robert Reich, *The Work of Nations* (New York: Vintage Books Publishers, 1992), 34-35.

<sup>115</sup> This information was obtained in Economic Development Edmonton's 1999 Annual Report at <http://www.ede.org/EDECorporate/pages/publications/pubmain.htm>

<sup>116</sup> Brian Roberts, *Inventing a Future for Regions*, 6.

<sup>117</sup> *Ibid.*, 6.

<sup>118</sup> Nancy Rosebury, *Exploring the Black Box: Technology, Economics and History*. (Cambridge: Cambridge Press, 1994), 34-35.

<sup>119</sup> This information can be found on the Economic Development Edmonton website: <http://www.ede.org/EDECorporate/index.htm>

<sup>120</sup> *Ibid.*

<sup>121</sup> *Ibid.*

<sup>122</sup> This quotation was taken from the SEE Magazine website: <http://www.greatwest.ca/See/Issues/1997/971225/bite.html>

<sup>123</sup> *Ibid.*

<sup>124</sup> Brian Roberts. *Inventing a Future for Regions*, 8.

<sup>125</sup> *Ibid.*, 8.

<sup>126</sup> John Barnard, *Best Practices for Economic Development Organizations*, 7-8.

<sup>127</sup> *Ibid.*, 10.

<sup>128</sup> *Ibid.*, 6.

<sup>129</sup> Robert S. Fosler, *The New Role of American States: Strategies in a Competitive World Economy* (New York: Oxford University Press, 1988), 34-35.

<sup>130</sup> The following individuals constitute part of Economic Development Edmonton's Board of Directors. Their biographies as well as others can be found in the Economic Development Annual Report, 1999 at <http://www.ede.org/EDECorporate/pages/publications/pubmain.htm>

<sup>131</sup> Harvey Molotch, *The City as a Growth Machine*, 12-14.

<sup>132</sup> Again, these individual biographies can be found at the Economic Development Website at <http://www.ede.org/EDECorporate/pages/publications/pubmain.htm>

- <sup>133</sup> Brian Roberts, *Inventing a Future for Regions*, 8-11.
- <sup>134</sup> World Bank, *Governance and Development* (Washington, D.C.: World Bank, 1994), 122-124.
- <sup>135</sup> Mark Cohen, *Preparing for the Urban Future: Global Pressure and Global Forces* (Washington, D.C. Woodrow Wilson Centre Press, 1996), 98-101.
- <sup>136</sup> Christopher Leo, "The State in the City: A Political-Economy Perspective on Growth and Decay," in James Lightbody ed., *Canadian Metropolitcs: Governing Our Cities* (Missassauga: Copp Clark Publishers, 1995), 30.
- <sup>137</sup> James Lightbody, "City Campaigns on the Cusp and the Edmonton Mayoralty Election of 1992," in the *Journal of Canadian Studies*, 32 (1): 113 (1997).
- <sup>138</sup> *Ibid.*, 113.
- <sup>139</sup> *Ibid.*, 118.
- <sup>140</sup> *Ibid.*, 118.
- <sup>141</sup> *Ibid.*, 116.
- <sup>142</sup> Kerry Diotte, interview by author, tape recording. Edmonton, Alberta, 27 September 2000.
- <sup>143</sup> James Lightbody, *City Campaigns on the Cusp*, 116.
- <sup>144</sup> *Ibid.*, 120.
- <sup>145</sup> *Ibid.*, 115
- <sup>146</sup> Interview with Dr. Michael Percy, 11 September 2000.
- <sup>147</sup> This information was obtained on Professor Clarence Stone's website at <http://bsos.umd.edu/gvpt/stone/apsa.html>
- <sup>148</sup> Interview with Dean Michael Percy 11 September 2000.
- <sup>149</sup> James Lightbody, *City Campaigns on the Cusp*, 117.
- <sup>150</sup> *Ibid.*, pp. 121.
- <sup>151</sup> *Edmonton Journal*, 29 November 2000.
- <sup>152</sup> James Lightbody, *City Campaigns on the Cusp*, 130.
- <sup>153</sup> Harvey Molotch, *The City as a Growth Machine*, 45-46.
- <sup>154</sup> *Ibid.*, 46.
- <sup>155</sup> *Ibid.*, 46-47.
- <sup>156</sup> James Lightbody, *City Campaigns on the Cusp*, 120.
- <sup>157</sup> *Edmonton Journal*, 29 September 2000.

<sup>158</sup> *Edmonton Journal* 29 November 2000.

<sup>159</sup> *Edmonton Journal* 29 November 2000.

<sup>160</sup> Eric Hamel and Christine Prahalad, *Competing for the Future: Breakthrough Strategies for Seizing Control of Your Industry and Creating the Markets of Tomorrow* (Boston: Harvard School of Business, 1994). pp. 78-80.

<sup>161</sup> *Edmonton Journal*, 10 October 2000.

<sup>162</sup> *Edmonton Journal*, 10 October 2000.

<sup>163</sup> *Edmonton Journal*, 10 October 2000.

<sup>164</sup> *Edmonton Journal*, 10 October 2000.

<sup>165</sup> *Edmonton Journal*, 29 September 2000.

<sup>166</sup> *Edmonton Journal*, 29 September 2000.

<sup>167</sup> *Edmonton Journal*, 10 October 2000.

<sup>168</sup> *Edmonton Journal*, 11 September 2000.

<sup>169</sup> This information was obtained on the *Smart Communities* website at: <http://smartcommunities.ic.gc.ca>

<sup>170</sup> *Ibid.*

<sup>171</sup> *Ibid.*

<sup>172</sup> *Ibid.*

<sup>173</sup> Christopher Leo, *The Urban Economy and the Local State*, 695-701.

<sup>174</sup> Interview with Pat Klak, 10 October 2000.

<sup>175</sup> *Ibid.*

<sup>176</sup> John Barnard, *Best Practices for Economic Development Organizations*, 6-7.

<sup>177</sup> *Ibid.*, 7.

<sup>178</sup> Interview with Pat Klak, 10 October 2000.

<sup>179</sup> *Ibid.*

<sup>180</sup> This quotation was taken from a condensed version of Harvey Molotch's, *The City as a Growth Machine*. The information can be found at <http://nw-ar.com/face/molotch.html>

<sup>181</sup> Interview with Pat Klak, 10 October 2000.

<sup>182</sup> Interview with John Barnard, 10 October 2000.

<sup>183</sup> *Ibid.*

<sup>184</sup> John Barnard, Best Practices for Economic Development Organizations, 12.

<sup>185</sup> Interview with Kerry Diotte, 27 September 2000.

<sup>186</sup> This public information can be found on the City of Leduc website at:  
<http://www.city.leduc.ab.ca/leduc/LeducCouncil/council/ElectedOfficials.htm>

<sup>187</sup> *Ibid.*

<sup>188</sup> Interview with John Barnard, 10 October 2000.

<sup>189</sup> *Ibid.*

<sup>190</sup> *Ibid.*

<sup>191</sup> George Sweeney, *Innovation, Entrepreneurs and Regional Development* (New York: St. Martin's Press, 1987), 15-17.

<sup>192</sup> *Ibid.*, 17.

<sup>193</sup> Brian Roberts, *Inventing a Future for Regions*, 9-10.

<sup>194</sup> *Ibid.*, 10.

<sup>195</sup> *Ibid.*, 10.

<sup>196</sup> *Ibid.*, 10-11.

<sup>197</sup> John Barnard, *Marketing for Business Retention*, 1-2.

<sup>198</sup> Jane Jacobs, *Cities and the Wealth of Nations* (New York: Random House Publishers, 1984), 221.

<sup>199</sup> John Barnard, *Marketing for Business Retention*, 1-2.

<sup>200</sup> *Ibid.*, 2.

<sup>201</sup> *Ibid.*, 2-3.

<sup>202</sup> *Ibid.*, 2-3.

<sup>203</sup> Brian Roberts, *Inventing a Future for Regions*, 19.

<sup>204</sup> *Ibid.*, 204.

<sup>205</sup> John Barnard, *Marketing for Business Retention*, 3.

<sup>206</sup> *Ibid.*, 3.

<sup>207</sup> *Ibid.*, 3-4.

<sup>208</sup> Murray Edelman, *The Symbolic Uses of Politics* (Urbana: University of Illinois Press, 1964), 18-20.

<sup>209</sup> *Ibid.*, 20

<sup>210</sup> Interview with Pat Klak, 10 October 2000.

<sup>211</sup> Doug Girard, interview by author, tape recording. Edmonton, Alberta, 27 September 2000.

<sup>212</sup> Brian Roberts, *Inventing a Future for Regions*, 19-20.

<sup>213</sup> *Edmonton Journal*, 10 October 2000.

<sup>214</sup> "The Greater Edmonton Competitiveness Strategy: Phase II: Diagnostic Assessment Summary Report," Prepared by the *ICF Consulting Group*, San Francisco, California. September 2000, p. 2-3.

<sup>215</sup> *Ibid.*, 4-8.

<sup>216</sup> *Edmonton Journal*, 10 October 2000.

<sup>217</sup> *Edmonton Journal*, 18 October 2000.

<sup>218</sup> *Edmonton Journal* 14 October, 2000.

<sup>219</sup> The Greater Edmonton Economic Competitiveness Strategy, 30-35.

<sup>220</sup> *Ibid.*, 32-35.

<sup>221</sup> *Edmonton Journal*, 29 September 2000.

<sup>222</sup> The Greater Edmonton Competitiveness Strategy, 33-35.

<sup>223</sup> *Edmonton Journal*, 29 November 2000.

<sup>224</sup> *Ibid.*

<sup>225</sup> Interview with Doug Girard, 27 September 2000.

<sup>226</sup> *Edmonton Journal*, 29 November 2000.

<sup>227</sup> *Ibid.*

<sup>228</sup> Interview with Pat Klak, 10 October 2000.

<sup>229</sup> Mayor Vern Hartwell's Comments can be heard on the Economic Development Edmonton website at <http://www.ede.org/clusters/>

<sup>230</sup> *Edmonton Journal*, 29 November 2000.

<sup>231</sup> *Edmonton Journal*, 21 December 2000.

<sup>232</sup> *Edmonton Journal*, 5 January 2000.



<sup>233</sup> *Edmonton Journal*, 21 December 2000.

<sup>234</sup> The following information can be obtained at the MuniMall website:  
<http://munimall.net/newsletter/article>

<sup>235</sup> *Edmonton Journal*, 29 November 2000.

<sup>236</sup> The Greater Edmonton Competitiveness Strategy, 21.

<sup>237</sup> *Ibid.*, 21

<sup>238</sup> *Ibid.*, 21.

<sup>239</sup> *Ibid.*, 13.

<sup>240</sup> *Edmonton Journal*, 9 September 2000.

<sup>241</sup> The Greater Edmonton Competitiveness Strategy, 22.

<sup>242</sup> *Ibid.*, 22-23.

#### **Chapter Four Notes**

<sup>243</sup> This quote was taken from Eben Fodor's *Better Not Bigger*, 35.

<sup>244</sup> Clarence Stone, "Summing Up: Urban Regimes, Development Policy and Political Arrangements." In Clarence Stone and Heywood T. Sanders eds., *The Politics of Urban Development* (Kansas: University of Kansas Press, 1987), 269-274.

<sup>245</sup> Clarence Stone, *Regime Politics: Governing Atlanta 1946-1988*, 23-27.

<sup>246</sup> Interview with Dean Michael Percy, 11 September 2000.

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