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# The Strategic Management of Urban Economies and the Scope for Intermunicipal Cooperation: Alternative Approaches to Economic Development in Ontario

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# The Strategic Management of Urban Economies and the Scope for Intermunicipal Cooperation: Alternative Approaches to Economic Development in Ontario

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## Introduction

The economic shock of the past year has dramatized the changing nature of Ontario's economy and the challenges that lie ahead. The cascading requests for government assistance from a growing number of economic sectors underscores the need for strategic thinking about the future role of government support for economic development, in general, and at the urban level, in particular, where a significant proportion of economic activity occurs (Lefebvre and Brender 2006). The impossibility of satisfying all these demands also underlines the need for governments to align new and existing policies more effectively across competing jurisdictions and to ensure that current and future investments in economic development are targeted to ensure the maximum contribution to the economic recovery and future development of the provincial economy. Such an approach also requires that policy development and implementation at this scale take account of the perspectives of a significant array of other actors at the local level who have significant local interests and are concerned about the economic prospects of the communities where they live and work (Feldman and Martin 2005). A coordinated approach to economic development at the regional and local scale requires a more integrated approach to policy planning at the 'governance' level, cutting across existing programs, as well as levels of government, to achieve a more effective degree of 'policy alignment'.

This paper explores the role of alternative modes of governance, including multilevel governance, and emerging forms of inter-municipal cooperation as the basis for a more coordinated policy approach to local and regional economic development. Research on alternative approaches to economic development indicate there is substantial scope for new forms of governance to encourage a broader spectrum of economic, social and cultural actors to engage in the policy process. The traditional emphasis in most local and regional jurisdictions relies principally on formal, institutionalized structures of government to formulate and implement economic development policy. As a consequence, the potential for, and contribution of, bottom–up, negotiated solutions to local and regional economic development remains less well explored. Despite this gap, recent experience in Ontario over the past decade provides instructive examples of alternative approaches to economic development that share responsibility, and sometimes even administrative authority, with a wide range of actors outside the formal structures of local and regional government. Some of these initiatives also provide valuable lessons in policy development across multiple levels of government. This paper draws upon a broad conceptual literature on alternative modes of governance, as well as an ongoing set of case studies into the nature of these new approaches, and outlines the policy implications that flow from them. In particular, it examines:

- The role of local associations at the regional and municipal level and the extent to which they cut across or integrate discrete policy areas;

- The contribution of 'civic capital' at the local level, consisting of regional networks sharing common territorial identities, expectations and goals for the region and are capable of mobilizing local associational assets in pursuit of these goals; and
- The extent to which discrete municipal governments within specific regions of the province have been able to overcome formal institutional boundaries to develop new forms of intermunicipal cooperation in pursuit of their economic development goals.

## Changing Patterns of Governance

The ability to creative better linkages among relevant institutions and associated actors at the local level has been recognized as a key factor in the development of effective policy and its implementation. The ability of local governments to collaborate with a wide range of community–based actors is integral to the effective coordination of economic policy in knowledge and innovation intensive economies (Cooke and Morgan 1998). Yet, recognizing the importance of collaboration and coordination for effective policy development is only part of the challenge; better coordination requires an understanding of the conditions that contribute to its emergence and development. This may require the devolution of authority and responsibility for some aspects of economic policy to a range of local organizations capable of providing the required services or programs. Of necessity, it involves a more decentralized, open and consultative form of governing.

The growing focus on the role of governance, as opposed to government activities, involves the recognition that policy outcomes depend on the interaction among a wide range of social and economic actors, including sub–national and local governments, the private sector, voluntary, business and not–for–profit organizations.

This recognition reflects a broader shift in the political science and administrative science literature. Some authors suggest that governing relations have moved from a hierarchical pattern associated with the bureaucratic state–managed mode of development in the post–World War II era to a more heterarchical set of relations in the current era. Distributed governance entails a dispersion of power towards localized decision–making, as well as over a wider variety of actors at all levels (Paquet 1999, 5). In this view, governance ultimately refers to self–organizing, inter–organizational networks (Rhodes 1996, 660). Central to the concept is the development of styles of governing in which the boundaries between public and private actors and even across different levels of government have become blurred. Governance focuses on mechanisms of governing which no longer rely on the authoritative distribution of resources derived from traditional governmental structures (Stoker 1998, 17). For Peters and Pierre, the underlying novelty of this concept is the emphasis placed on the processes of governing, rather than the exercise of formal authority through institutional structures. The common element underlying these perspectives underlines “the process through which public and private actions and resources are coordinated and given a common meaning and direction” (Peters and Pierre 2004, 78).

This concept of governance builds on insights derived from the policy literature that there is often a substantial gap between the formulation of policy and its implementation. Policy outcomes are not merely the product of legislative or administrative actions taken by national, or even provincial, governments, but the product of a complex pattern of interaction between several levels of government and an array of social and economic actors in the community where the policy is implemented. Senior levels of government may legislate in any one of a number of areas within their jurisdictional authority, but the actual implementation of that policy and its effectiveness occurs ‘on the ground’ in a specific geographic locality. The extent to which it achieves the desired goal or effect depends on the pattern of interaction between governmental authorities operating a variety of arms–length governmental agencies, private sector firms and a wide range of industry and other voluntary associations. For instance, the impact of federal and provincial research policies is a product of the responses by private firms, public and private laboratories, post–secondary educational institutions and intermediary associations to the initiatives adopted. What ends up being implemented may even differ radically from what the policy makers originally had in mind (Majone and Wildavsky 1984). As a result, the pattern of governance cannot be reduced to the actions of any one actor in either the public or private spheres, but results from their combined actions across a wide range of socio–political–administrative interventions (Rhodes 1996, 657). More effective policy alignment can be achieved if this complex set of governance relations is recognized at the outset and the perceptions of the relevant groups of actors taken into account.

A key challenge for the public sector to operate in this mode of governance is to both establish the conditions under which key actors at the community level can engage in a consultative and interactive fashion with government authorities, as well as learn to collaborate with these actors under a more distributed pattern of authority. The ability to operate in this mode of governance may involve the delegation of certain tasks from formal government agencies to accredited business associations or community organizations. The latter possess relevant assets, such as knowledge of, and credibility with, their members, which the public sector needs to enlist in order to ensure the effectiveness of its support policies. The dispersal of power to this broader range of actors creates the opportunity for more meaningful dialogue to take place at the regional and local levels. This is important because dialogue or discussion is central to the process by which parties come to reinterpret themselves and their relationship to other relevant actors within the local economy (Morgan and Nauwelaers 1999, 12–13).

The appeal of this model of governance derives from the fact that it substitutes for the exclusive role of the public bureaucracy a mix of public and private roles. By doing so, it places greater autonomy and responsibility for the policy outcome onto those organizations that will be directly impacted. The adoption of this approach does not imply an abandonment of a central role for the state, but rather a rethinking of its role. In an associative model, the relevant level of the state has to become one of the institutions of the collective order, working in relationship with other organizations, rather than operating in its traditional command and control fashion. The state in this model continues to establish the basic rules governing the operation of the economy, but it places greater emphasis on the devolution of responsibility to a wide range of associative partners through the mechanisms of 'voice' and consultation (Amin 1996, 19).

### Multilevel governance

A related concept, that of multilevel governance, is derived from a term pioneered by Gary Marks (1992; 1993) in his work on the relations between levels of government within the European Union. It represents a new model of political architecture where political authority and policy making influences are dispersed across the different levels of the state as well as to non–state actors. Whereas the governance literature focuses on the integration of a broader array of non–governmental actors into governing processes, the idea of multilevel governance emphasizes the need for greater cooperation across different levels of government who share overlapping or competing spheres of jurisdictional responsibility across a related set of policy areas. This stems from the origins of the concept in Europe where the creation of a third tier of policy making, the European Union, and the adoption of the principle of subsidiarity as a central tenet of the Single European Act of 1992, had a profound impact on the relative powers of both national and sub–national, or regional, levels of the member European states. At the core of the idea of multilevel governance is a recognition that the national level no longer monopolizes policy–making and instead engages in collective decision–making with other levels of government and relevant actors, and in so doing, cedes up control over some aspects of the policy–making process. Decision–making competencies are therefore shared among a range of governmental actors; with no one level exercising a monopoly over another. Accordingly, sub–national levels are said to be interconnected to national, and at times supra–national, arenas rather than nested within the national state (Hooghe and Marks 2001, 4).

In North America, where federalism is the norm, the concept of multilevel governance helps us recognize that relevant areas of jurisdictional responsibility have long since ceased to be the 'watertight compartments' they are conceived as in classical theories of federalism. The interdependent nature of governmental roles and jurisdictional responsibilities, as well as the role of informal actors not explicitly recognized in the constitutional division of powers, is of increasing importance in achieving successful policy outcomes. The sharing of decision–making with lower levels of government promotes a process of interactive learning, not just within state agencies, but among firms, industry and community associations, as well as other public institutions, that is essential to economic success at the regional and local scales. Regional and local actors are a necessary source of knowledge in local learning networks, assisting in the process of collective learning vital to the success of knowledge-intensive firms. For this type of learning to be effective, such processes of institutional learning must extend across, and include, key actors in both the public and private sectors at all three levels of governance. This view is endorsed by Scott et al. who suggest that governance is now widely deployed to describe the multifaceted aspects of social and economic coordination in an increasingly interdependent world where various tiers of government must collaborate with each other, as well as with a range of nongovernmental actors to achieve their goals. They point out that the governance of city regions in particular, must be viewed as part of a larger issue of coordination across multiple geographic scales and jurisdictional levels. This "sense of the term sees governance as involving a set of complex institutional reactions to the broader problems of economic and social adjustment in the emerging global–local system" (Scott, Agnew, Soja, et al. 2001, 22).

## Governance and Social Learning

A key aspect of this evolving pattern of governing relations is the importance of learning. The emerging knowledge economy places a premium on the ability to acquire, absorb and diffuse relevant knowledge and information throughout the various institutions that affect the process of economic development and change. In response to this change, organizations need to become more reflexive and adaptive, by tapping into the knowledge and capabilities that their members possess. Increasingly, the challenge for both public and private organizations is how to structure knowledge and intelligence in social ways, through social learning, rather than to access them on an individual basis (Paquet 1999; Gertler and Wolfe 2002). Learning is defined as the capacity to improve present performance as a result of experience through a redefinition of the organization's objectives, and the modification of behaviour and structures as a result of new circumstances (Paquet 1997, 31). Learning is fundamentally a social cognitive process that depends upon the interaction of geographically proximal actors to develop new processes of adaptation and reflexivity (Cooke 1997).

This emphasis on the centrality of learning processes and the interactive nature of the learning process closely parallels the work of Lundvall and his collaborators on the 'learning economy'. The concept pays particular attention to the nature of learning dynamics in the innovation process since learning dynamics are seen as fundamental to the ability of regional economies to sustain knowledge–based dynamism over the long–run. The knowledge frontier is moving so rapidly in the current economy, that access to, or control over, knowledge assets affords merely a fleeting competitive advantage. The capacity to learn is critical to the innovative process and essential for developing and maintaining a competitive advantage (Johnson 1992; Lundvall and Johnson 1994).

The idea of social learning assumes that neither the public sector nor individual private enterprises are the source of all relevant knowledge; rather, innovation and economic development are interactive processes which rely upon establishing supportive social relations and communicating insights and knowledge for successful outcomes. The goal, then, is to establish effective systems for *social knowledge management* at the local and regional scale. Regional economic development processes involve, at their most fundamental level, *socially organized learning processes* involving learning by individuals, by firms, and by institutions (Florida 1995). A number of issues are central to these outcomes. First, how do *local social knowledge management* exercises affect economic outcomes in local and regional economies (Gertler and Wolfe 2004a)? Second, how do the structures and institutions at multiple levels of governance shape and circumscribe the scope for local action and possibilities for generating effective social learning processes? This is significant because expectations concerning the achievement of local social learning and knowledge management processes should be informed by an understanding of the institutional influences on the attitudes, behaviour and practices of local economic actors. Finally, what lessons can be drawn from recent local and regional exercises in social knowledge management and learning processes that contribute to economic development?

In his study of successful cities and communities, Neil Bradford identifies three dynamics that contribute to successful cases of social learning processes. The first is a civic learning process that results in recognition among the local organizations, be they private or public sector, of the importance of equity, diversity and interdependence and the need to accommodate these realities in their collaborations. Equally important, is the second dynamic of administrative learning whereby administrators learn new skills for building relationships, seeking consensus, assessing risk and measuring performance. Such skills help foster a government that is effectively engaged in its essential roles of ensuring balanced representation of social interests, addressing systemic differences in the capacity to participate, convening and organizing meetings, establishing protocols for monitoring progress and maintaining the focus and commitment of social partners. Finally the culmination of successful civic and administrative learning leads to the third dynamic, that of policy learning or reflexivity. Here, feedback from the various actors within the multilevel governance process refocuses the policy agenda with community–based insights and experiences, as well as new goals (Bradford 2003).

## Civic Capital and Regional Governance

Establishing cooperation is a key challenge common to various governance theories and approaches to social learning. Cooperation can occur across various scales, sectors or silos, yet each governance approach rests on a foundation of coordinated action. Coordination may be formal and institutionally explicit, or tacit and mediated between networks of actors, horizontal, vertical or both. Consequently, a key question concerns what mechanisms foster the emergence of more effective means of coordination in a wide array of institutional contexts. Due to the benefits of proximity, the region is often the site within which better coordination develops. The concept of civic capital offers a useful lens through which the mechanisms that facilitate effective coordination at the regional level can be examined and an approach to effective regional governance elaborated.

Scholarship on regional economic development has long been concerned with the factors that contribute to the success of some regions and the failure of others. Among the relevant factors considered has been the character of the relationships between actors in a region – often described as social capital. Social capital is defined as the "social relations among agents, resting upon social institutions that allow for cooperation and communication" (Lorenzen 2007, 801). It refers to various features of the social organization of a region, such as the presence of shared norms and values, which facilitate coordination and cooperation among individuals, firms, and sectors for their mutual advantage. An important distinction is made between the business realm and the civic realm of social relations. Business relations include technological learning within the firm and inter–firm trade and knowledge exchanges. Civic relations include those that exist between people in a community who interact with each other through their involvement with schools, various cultural and leisure activities and other civic associations. Lorenzen argues that the civic dimension of social capital is particularly sensitive to geographic distance because many of the activities that enhance the strength of civic relations are based on the specific catchment area of a civic association or membership in a cultural organization. These relations frequently entail face to face meetings that are limited by distance as well (2007).

Building on this distinction between the business and the civic dimensions of social capital, we have formulated the concept of civic capital to analyze the contribution that more cooperative forms of behaviour make to the success of local and regional economies (Wolfe and Nelles 2008) and subsequently applied it to analyze the emergence of new forms of inter–municipal cooperation. Civic capital is defined as a set of relations that emerges from interpersonal networks tied to a specific region or locality and contributes to the development of a common sense of community based on a shared identity, set of goals and expectations. It comprises formal or informal networks among individual actors or associations at the community level and between members of the community and regional or local governments (Nelles 2009).

The basis of civic capital is its regional orientation and the key role played by civic leadership within these networks. Civic leaders, or civic entrepreneurs, are critical in articulating this regional orientation and intensifying and formalizing collaborative networks within and between communities. Civic entrepreneurs are bridge builders and help to connect localized networks and different communities of actors with one another. These leaders understand the importance of collaboration and coordination and through their leadership bring various groups of actors together to negotiate regional goals (Henton, Melville and Walesh 1997). Recent experience suggests that it is possible for local communities to formulate strategies to alter their economic trajectory and improve their prospects for economic development. What is required is the presence of an 'economic community' – places with strong, responsive relationships between the economy and community that afford both firms and the community a sustained advantage. These relationships are mediated by key civic leaders and organizations that bring the respective economic, social and civic interests in the community together to collaborate on strategies for the community. The scope for individual agents and local politics to influence local and regional outcomes would seem to be considerable, since these relationships are mediated by key people and organizations that play a leadership role in bringing the economic, social and civic interests in the community together to collaborate (Henton, Melville and Walesh 1997).

The concept of civic capital provides insight into the processes and dynamics that contribute to more successful regional governance. In regions characterized by higher degrees of civic capital, the coordination required to sustain regional cooperation tends to result in more effective governance. Collaborative institutions often embody values and attitudes that are intrinsic to the region and help build civic capital. Successful regional economies benefit from the presence of collaborative institutions, which help communicate the respective needs of different community actors to each other, establish local and regional priorities for economic development, and build effective bridges across different segments of the economic community that might not otherwise be linked. These relationships are mediated by key people and organizations that bring the respective economic, social and civic interests in the community together to collaborate on collective strategies. Above all, they contribute to the articulation of a shared vision for the economic community and the local economy and build a consensus among key civic actors and associations around that vision (Porter, Monitor Group, ontheFRONTIER, et al. 2001, 75). In doing so, they build civic capital by creating relationships and developing collective institutions that benefit the community, identifying common strengths or mutual needs and contributing to the development of a common economic agenda.

### Strategic Management of the Urban Economy

The ability to enhance civic capital at the regional and local level and foster better governance mechanisms are critical elements for helping Ontario's cities respond to the cascading shocks currently buffeting the global economy. Advocates of this urban–centred approach to policy–making maintain that a broad range of policy problems are best addressed at the local level, and require "place–sensitive modes of policy intervention – strategies constructed with knowledge of the particular circumstances in communities, and delivered through collaborations crossing functional boundaries and departmental silos" (Bradford 2005, 4). The theoretical foundation for this argument rests on the governance theories outlined above which emphasize the potential benefits of collaboration across different levels of government, and between public and private actors at the local scale, as the most effective way for achieving better policy alignment and sustaining urban economic growth. Taking city regions seriously as the focus for economic development initiatives has a number of key consequences for the design and implementation of these strategies: "Greater emphasis is placed on territorial rather than sectoral approaches; on the need for policy coordination and improvements in governance; and on bottom–up participatory approaches" (Rodríguez-Pose 2008, 1033). The resulting emphasis on flexible, associative forms of governance and bottom–up participatory approaches has been influential in encouraging experimentation with different locally driven collaborative governance mechanisms based on partnerships across OECD countries; empirical research on the variation in the governance arrangements and best practices from these experiments is beginning to emerge (OECD 2006).

However, a number of challenges lie in the way of successful bottom–up urban development strategies. The fruits of knowledge–intensive economic activity are unequally distributed between cities of different sizes, industrial specialization, and labour markets, as well as between people within those cities (Wolfe and Bramwell 2008). Efforts to support the economic performance of city–regions need to address simultaneously considerations of both industrial transformation and the relative size and location of individual urban centres. Greater attention must be focused on the respective capacity of cities to formulate responses to their particular set of challenges. Few cities enjoy the same endowments as the leading global cities at the top of the international hierarchy, and no one approach is guaranteed to work in all places. Yet urban and regional economic development policies often fail to take account of variations in local political economy, macro–institutional contexts, and relations at different spatial levels and scales (Tödtling and Trippl 2005; Harding 2007).

A number of additional obstacles lie in the path of the successful implementation of bottom–up associative governance development strategies. One of the limitations faced by a governance–based approach is the lack of financial resources to fully support the desired initiatives. This problem can be compounded by the absence of a formal tier of government institutions corresponding to the actual economic territory encompassed by the city region. Smaller and less dynamic urban regions may also face a greater challenge in accessing regional and national government resources or even gaining a significant place on their respective policy agendas. An additional danger lies in zero–sum, competitive development strategies through the use of financial incentives and subsidies to attract investment away from more established centres. Engagement in these kinds of bidding wars can reduce the economic benefit to the larger region or nation as a whole (Rodríguez-Pose 2008, 1037–39).

Despite the challenges faced in formulating urban–centred development strategies, there is clear evidence that a number of cities are moving in this direction. As Feldman and Martin perceptively note, most jurisdictions pursue a strategy which is defined by the collective decisions that actors within that jurisdiction make over time, whether in coordination or not and whether articulated or not. Successful jurisdictional strategies are those that contribute to high and rising wages for their workers over time and city–regions are the relevant scale to focus on because the benefits of clustering and agglomeration highlights that compact geographic units are a critical element for industrial performance. They maintain that jurisdictions can benefit from creating an economic base with unique and valuable assets that provides a differentiated advantage over other jurisdictions. But they emphasize that "constructing jurisdictional advantage takes the will of all the actors – a consensus vision and vision of uniqueness" (2005, 1245).

The process of constructing jurisdictional advantage often takes the form of 'strategic management policy' at the regional and urban level. At the core of this approach is "the development and enhancement of factors of production that cannot be transferred across geographic space at low cost" (Audretsch 2002, 174). Successful urban regions are engaging in strategic management exercises that identify and cultivate their assets, undertake collaborative processes to plan and implement change, and encourage a regional mindset that fosters growth. These processes can only succeed if the prevailing structures of urban governance provide the necessary support to allow these strategic management exercises to be effective. The implementation of strategic management policy often builds upon the establishment of effective systems for social knowledge management at the urban scale (Gertler and Wolfe 2004a). Strategic management exercises assume that “different imaginaries are possible . . . and can be harnessed in the service of political action directed to social change” (Scott 2007, 1466).

Variation in cities’ capacities to engage in these processes are linked as much to “collaboration between agents and their ability to mobilize assets” and “the successful institutional arrangements [that] often grow out of local agencies and endowments”, as to the ability to create and diffuse new knowledge (Simmie and Wood 2002, 149). Rather than concentrating on the zero–sum competition for inward investment, the most successful efforts focus on searching for, and generating, new economic knowledge or harnessing existing capabilities that drive innovation and export success. Ultimately, “policy prescriptions need to be tailored to the circumstances and strengths of individual urban regions” (Simmie 2002, 214). In his comparison of the economic growth trajectories in the two ‘rustbelt’ cities of Youngstown, Ohio and Allentown, Pennsylvania, Safford attributes the relative failure of the first and relative success of the second to the quality of social networks in each place, and argues that “differences in the underlying structure of inter–organizational relationships in the two cities shaped the strategic choices and possibilities for mobilization among key organizational actors” and that “these differences were the source of the regions’ economic divergence” (2004, 3).

## Strategic management as a social learning process

A key question for policy–makers and economic and social actors at the local level is how to provide the right conditions for devising their strategic management policy. Successful regions must be able to engage in the kind of exercises described above to identify and cultivate their assets, undertake collaborative processes to plan and implement change, and encourage a regional mindset that fosters growth. For such approaches to succeed, they must build upon available endowments of civic capital and meet the requirement for dynamic civic leaders with the vision and commitment to carry these exercises through to their successful conclusion. However, the source of that leadership may vary. In some regions, it comes from political institutions or industry associations. In others, it originates with an inspirational figure in a university setting or anchor firm that attracts or spins off like–minded individuals in other firms or industry associations. In the end, their essential role is to mobilize those in the community with an interest in altering its development trajectory (Henton, Melville, and Walesh 1997).

This approach to regional economic development is characterized by both 'how' it is done, and 'what' it focuses on. Experience indicates that successful strategic management exercises are demand and opportunity driven; promote innovative ideas in all aspects of regional economic activity; facilitate relationship–building and create buy-in; and are ongoing, iterative and non–linear. Successful strategies build upon past efforts to learn from what has succeeded and what has failed. They are reflexive in that they use their past experience to create a more effective process – in other words, they involve social learning processes.

An essential criterion for success is finding the appropriate mechanisms to engage key members of the community in a sustained effort to advance its opportunities. The recruitment of a committed, creative and collaborative leadership is an essential element for success. These kinds of collaborative leaders invariably share certain characteristics:

- they can see the opportunities opened by the emergence of the knowledge-based economy;
- they exhibit an entrepreneurial personality, in both a business and a 'civic' sense;
- they are willing to cross functional, political and geographic boundaries in pursuit of their strategic goals;
- they demand a sharing of both responsibility and results, and consequently are trusted as credible intermediaries;
- and they are committed to, and comfortable working in teams (Montana, Reamer, Henton, et al. 2001, 31–35).

Such exercises are concerned with identifying a city–region's unique jurisdictional assets that can support the development of its urban economy. These can include knowledge economy assets (such as workforce skills, knowledge and research development, creativity, advanced telecommunications infrastructure, quality of place, and financial capital), collaborative institutions and organizations (such as regional development organizations, professional networks, research consortia, and entrepreneurial support networks), and the regional mindset (values and attitudes). The leadership for these exercises need to create a broad buy–in from the relevant elements of its regional and local community. Based on their experience with launching community–based economic development initiatives, Henton and his colleagues argue that what we have termed 'civic' capital is critical for the success of the most dynamic strategic management exercises. Civic capital can be created, and the basis for doing so is the establishment of collaborative networks between various elements of the business and civic communities.

> The presence of *collaborative institutions and organizations*, such as cluster organizations, professional networks, research–industry consortia and entrepreneurial support networks, greatly facilitates this environment. These alliances, networks and other relationship–building mechanisms create connections and linkages vital to economic development in a technology–driven world. . . . many regions fortunate enough to have university research assets underuse these knowledge economy resources, precisely because relationships have not been established to connect the university and local industry. . . . Relationships matter (Montana, Reamer, Henton, et al. 2001, 10).

### Intermunicipal Cooperation

In addition to the growing interest in strategic management approaches to regional and urban economic development, there are a number of interesting experiments in intermunicipal cooperation. The concept of civic capital has been applied to analyze intermunicipal partnerships for regional economic development. Nelles (2009) offers a framework that reconceptualises the diversity of approaches to intermunicipal collective action. This model contends that a combination of regional structural, institutional and strategic factors can help explain the emergence of cooperation between local governments in the realm of regional economic development. However, variables within this grouping can have different effects in different cases. An alternative to these structural approaches to cooperation is one that takes into account the effect of regional identities embodied in civic networks and the role of these networks in stimulating political cooperation. The main finding of this analysis is that, regardless of structural, strategic, or institutional context, regions with higher degrees of civic capital will have greater intensities of intermunicipal political cooperation. This analysis is supported by a comparison of several urban regions in Germany and in Canada, across several issue areas, which suggest that regional presence of civic capital has a strong bearing on the emergence and intensity of intermunicipal cooperation in three key issue areas: regional marketing, transportation, and arts and culture (Nelles 2009). For the purposes of this paper, the case study material (presented below) is limited to the Ontario instances.

The relative degree of civic capital is evaluated across empirical cases using five indicators: leadership, organizational presence, organizational networking, personal evolution, and history of regional cooperation. The first aspect — leadership — assesses the number and effectiveness of civic entrepreneurs — those individuals that mobilize and organize existing networks around regional governance initiatives. As is the case with the type of strategic management exercises presented above, these leaders can come from any segment of society and are typically visible (or at least highly cited) initiators. Occasionally there are several local leaders willing to mobilize coalitions but they are often frustrated by a lack of network connections. This is often the case where there is high cooperation in one area of activity but not in others — where bridging networks are particularly weak (or non–existent). Therefore, it is important to assess leadership in the context of the other elements that make up civic capital. The second and third indicators are organizational presence and networking. This indicator is based on the assumption that where civic capital networks are denser, more networks will become formalized into organizations. Thus, a higher number of civic organizations may be indicative of broad and dense civic networks. Organizational networking aims to establish the extent to which there is 'bridging' contact between these formal manifestations of civic capital. These include both partnerships between groups or overlap in board membership.

Finally, personal evolution and history of cooperation are indicators designed to situate civic capital and track its evolution over time. The first, personal evolution, gets at the extent to which key individuals, or civic leaders, have expanded or extended their participation and therefore possess a wide variety of experience. Leaders may be cross–appointed in certain sectors — for instance, on boards of organizations and committees related to the arts — but not beyond. The greater the number of potential civic leaders with experiences that bridge issues, the more likely regional and comprehensive visions will develop and be promulgated through these organizations. Historical experience of associative behaviour and cooperation in a region are also relevant indicators of civic capital. In regions where there have been long standing traditions of civic engagement and interaction, civic capital on any given issue, and in general, will likely be stronger. Engagement, from this perspective, captures the degree of *regionalism* exhibited in historical interactions. The indicator of historical experience is meant to serve as a gauge of regional support for collaborative projects. Where support and engagement has tended to be high, this may indicate that support for future projects, and more intensive forms of interaction may also be strong. From this perspective it functions both as a measure of the historical 'stores' of civic capital as well as an indicator of future patterns.

### Lessons from Ontario

Over the past two decades, Ontario has witnessed a rolling series of new policy approaches to economic development at both the provincial and the urban level. The new wave of innovation policies and programs and the second wave of economic development strategies that gained policy support at the provincial level in the 1980s and 1990s created a dense network of research institutions and technological infrastructure (Wolfe 1999; Gertler and Wolfe 2004b). These initiatives have strengthened the research capacity of the province overall and the greater emphasis placed on research–industry linkages has improved the knowledge flows within the province. On the downside, they have often led to a plethora of programs and policies that make it virtually impossible for bureaucrats, let alone private firms, to track them all. Many of the existing policies and programs have been implemented in a traditional top–down fashion, administered by individual departments or agencies at both the federal and provincial levels, with relatively little cross–jurisdictional coordination or policy alignment. There is rarely much attention paid to the broader implications of the respective programs for economic development in the local or regional economy.

A key challenge for economic development policy in the context of the current economic transformation is to ensure a better degree of integration and coordination of available programs and policy instruments 'on the ground'. As the preceding analysis argues, this can best be accomplished at the level of the local and regional economy with a greater degree of coordination across all three levels of government and their respective economic development agencies. Multilevel governance is no longer an interesting academic concept of relevance to our European counterparts alone, but has become highly relevant to the challenge of economic development in the Canadian federation. One illustration of this dilemma is the Canada Foundation for Innovation, which makes major infrastructural investments in the research capacity of post–secondary institutions and hospitals across the province, with matching funds from the provincial government, but with little regard to the integration of these important new facilities into the existing or emerging industrial structure or local clusters of the target regions (Wolfe 2005).

The coordinated approach to economic development and strategic management in urban regions is predicated on a more integrated approach to policy at the local 'governance' level, rather than a round of institutional 'government' reform at the provincial or local level. There is a growing recognition that economic development policies work most effectively when the direct beneficiaries of those policies and programs are involved in both their design and implementation. This approach is not new; it builds upon a number of tentative, but instructive, policy experiments conducted in Ontario over the past two decades — the sector strategy development process of the early 1990s, the cluster development process in leading urban centres in the province, the Ontario Competitive City Regions initiative and, most recently, the Regional Innovation Networks (RINs) across the province — all evince elements of the approach envisioned in this paper (Wolfe 2007).

The key challenge is to integrate the lessons that can be drawn from these experiments into a broader cross–section of provincial policy initiatives. The strategic management approach to economic development policy does not require new spending initiatives; it is entails a new set of criteria to be used in achieving more effective policy alignment in the allocation of existing program dollars at the regional and urban level across the province.  At most, the provincial government might chose to use relatively small amounts of new program funding to stimulate the kind of planning exercises described above, as in the case of the former Biotechnology Cluster Innovation Program, now the RINs, but there are many existing programs at both the federal and provincial levels which contain budgetary allocations that can also be applied to this purpose (OECD 2002).

The following discussion draws upon the recent experience with local reflexive, social learning processes in three of Ontario's urban centres – Ottawa, Toronto and Kitchener–Waterloo – as well as the success of efforts in Toronto and Waterloo to develop new forms of intermunicipal cooperation. Since the 1980s, Ottawa has been characterized by a higher degree of associative governance than exists in most other urban centres in the province. The relative degree of success in building this form of governance has been noted by other cities, such as Waterloo, and there have been some efforts to reproduce elements of this model. Toronto, in contrast, given its size, diversity and substantially different role within the provincial economy, has proven more resistant to organizing associative forms of government, as well as developing new forms of intermunicipal cooperation. However, since 2002 new initiatives to move in this direction have achieved some degree of success, although it has proven more difficult to integrate them with traditional municipal government initiatives. No one case provides a clear model or recipe for success, but each case contains certain valuable insights into the future direction for these kinds of experiments.

## Ottawa: Associative Regional Governance

The distinguishing feature of the Ottawa case is the strength of its local 'institutions of collaboration' and the unusual degree to which they are integrated with the formal institutional structure of the regional municipality. The linchpin of these institutions is OCRI, the Ottawa Centre for Research and Innovation, a not–for–profit organization founded in 1983 as a collaborative effort among partners from industry, the regional municipality, the local institutions of higher education and federal laboratories. OCRI currently has 625 members and a budget of approximately $8 million, of which 20 per cent is funded by the City of Ottawa, with the remainder coming from a variety of sources including: municipal, federal and provincial government; membership fees; professional development programs; and private sector contributions. In 2002 OCRI assumed the economic development role for the municipal government and currently defines itself "as Ottawa's leading member–based economic development corporation for fostering the advancement of the region's globally competitive knowledge–based institutions and industries". OCRI delivers a wide range of economic development services to the local economy and sponsors a host of networking events through its partnership with the City of Ottawa. OCRI is also involved in a dense network of partnerships with many of the locally–based federal and provincial organizations, including national research laboratories and provincially funded research networks, aimed at strengthening the region's innovation capabilities. Virtually all accounts of the rise and growth of the Ottawa high tech sector are in agreement on the fundamental role that OCRI has played in the process since its inception (Mallet 2004; O'Sullivan 2004).

Ottawa was one of the provincial cities, along with Toronto, which launched an innovative strategic planning and management exercise in the late 1990s and early 2000s in partnership with the Province of Ontario's Office of Urban Economic Development. OCRI was closely involved with the resulting Economic Generators Initiative in 1999–2000 launched under the auspices of The Ottawa Partnership, a group of public and private leaders committed to advancing the local economy. The mandate of TOP was "to provide leadership and advice at a strategic level, on action required to improve and grow Ottawa's economy" (ICF Consulting 2000a, i). The membership of TOP included the chairs of the region's business and economic development agencies, and representatives of its municipal council, the higher education sector, and the business community at large. The TOP leadership undertook a detailed study of the region's 'economic generators' and used the study to prepare a strategic plan for the further development of the key engines driving the local economy. More than three hundred individuals participated in the work of the various cluster groups that formed part of the visioning exercise and helped formulate a total of thirty three specific goals intended to promote the growth of the seven key clusters identified as the growth generators for the regional economy.

The exercise also produced a higher–order set of flagship initiatives designed to work across the individual clusters to benefit the regional economy as a whole. The high level of participation in the Economic Generators Initiative engendered great expectations in the region about the results that would follow from the presentation of the report in June 2000. Unfortunately, it was released just as the high tech sector entered a serious downturn. Despite the impact of the recession, The Ottawa Partnership, in cooperation with local economic development agencies (OCRI) and the municipal council, forged ahead with planning for many of the cluster and flagship initiatives outlined in the report. Ten of the thirty–three cluster initiatives were deemed to have achieved tangible results. Among the initiatives that came to fruition were measures taken to strengthen the region's photonics and biotechnology clusters with the formation of the Ottawa Biotechnology Incubation Centre (OBIC) and the Ottawa Photonics Research Alliance (OPRA) respectively.

A review and update of the report was released in January 2003. The second report, *Innovation Ottawa*, set out a strategy for strengthening the links between the region's research infrastructure –especially its post–secondary education sector and national laboratories – and the local sources of enterprise within existing and emerging clusters. The report elaborated a vision of what the region should aspire to become which includes: a leading example in North America of a truly networked and collaborative region that mobilizes its information infrastructure to link every firm and institution; a home to a disproportionately large share of the 'creative class'; an integrated region that successfully brings together the elements of research, development and commercialization; and a dynamic region that generates a diverse and continually evolving set of clusters (ICF Consulting 2003, 3).

The telecom bust of 2001–2002 clearly sidelined much of the momentum that had been generated in Ottawa through TOP and its successive rounds of strategic planning exercises. While some of its initiatives, such as the Photonics Fabrication Centre, were constructed through a partnership between the National Research Council and Carleton University, many others languished. In response to the massive restructuring among some of the leading telecom and photonics firms in the region, attention turned to dealing with the challenge of undertaking a series of training and labour adjustment measures to help place high tech workers who had lost their jobs with the region's leading firms such as Nortel or JDS Uniphase. Initiatives such as O–Vitesse, a joint undertaking of the National Research Council's Regional Innovation Centre and the region's two universities to provide skill upgrading for under–employed or unemployed, often foreign, professionals (Chatbar 2004), the Ottawa Talent Initiative, organized by unemployed high tech workers with federal and provincial government representatives and community organizations, as well as a more recent one intended to build linkages between employers, immigrants agencies and other stakeholders to expand employment opportunities for skilled immigrants in Ottawa (Andrew and Doloreux 2008), and TalentWorks, launched under the auspices of TOP and managed by OCRI, was described as a community–based initiative to build Ottawa's talent pool by providing integrated support to targeted sectors (Paquet, Roy, and Wilson 2004).

While the extent and diversity of these post–2002 initiatives reflects the underlying strength of Ottawa's associative governance mechanisms, a recent analysis of their overall impact concluded that most of them have failed to deliver on their original intent due to an excessive fragmentation of the respective networks and lack of clear champions. OCRI continues to be a cornerstone to the regional economy and will undoubtedly serve as a focal point for the next round of efforts to cope with the latest wave of restructuring in Ottawa's high tech sector. While the strong associative governance mechanisms which exist in Ottawa have helped the local economy cope with the massive dislocation in the telecom sector since 2001, it has also experienced difficulties in sustaining some of its key initiatives since 2003. However, the high degree of civic capital built up in the city does provide a sound basis in governance for working with senior levels of government to help the local economy adapt to the latest round of restructuring in the telecom sector.

### The Greater Toronto Region: Strong Cities, Weak Region

Toronto provides the second example of a strategic planning exercise initially supported by the province's UED office. In this instance, the initial study was done by a US consulting firm in partnership with local consultants and under the direction of the Economic Development and Planning Offices of the City of Toronto (ICF Consulting 2000b). The study fed directly into the formation of the Toronto Economic Development Strategy. The recent OECD review of Territorial Policy and urban initiatives in Canada paints a broadly positive picture of the process, suggesting that it "benefited from the active involvement of business, labour, academic and community leaders" (OECD 2002, 156), although interviews with participants in the process painted a less sanguine picture of the degree of community engagement. In part, this reflected the absence of a strong cohesive leadership in Toronto committed to the economic success of the entire city–region, as well as the lack of key 'civic entrepreneurs' in the economic or political sphere willing to assume leadership of the cluster strategy process. However, the strategy development process did lay the groundwork for subsequent initiatives that have built more successfully on the foundation it laid. One subsequent initiative involved the development of the Toronto Financial Services Alliance, under the leadership of the city's economic development office, but in this instance involving the participation of a group of forty key organizations, including the major financial institutions, representatives of all three levels of government and the local post-secondary education institutions. The emergence of key civic entrepreneurs willing to lead the exercise, in particular the Chairman of one of the leading Canadian banks, has clearly made a difference to the success of this initiative. The TFSA, working with the municipal government, has recently received a major allocation of funds from the provincial government to launch a new initiative aimed at training workers with the high level of skills needed by the industry.

Some of the shortcomings in the Toronto region associated with the lack of committed civic leadership have been overcome with the formation of the Toronto City Summit Alliance. The Toronto City Summit Alliance, which emerged after a one day summit organized by the Mayor in 2002, produced its own analysis of the economic and social situation facing the region and formulated an action plan. The plan, released in April, 2003, set out a broad agenda for change in a number of areas including physical infrastructure, tourism, the research infrastructure, education and training, immigration and social services. The release of the report was followed up with a second Summit held in June 2003 and the commitment to proceed on a number of key initiatives, including the creation of the Toronto Region Research Alliance and the Toronto Region Immigrant Employment Council (Toronto City Summit Alliance 2003). What is unique about the City Summit Alliance is that the leadership has come almost entirely from the private and voluntary sector, true 'civic entrepreneurs', while the process has included some of the key elements of community–based strategic planning discussed above. While there has been a certain lack of coordination between efforts of the City Summit Alliance and the municipal government, the effects of the current economic downturn seem to be gradually bringing about a greater degree of cooperation.

The other area where the Toronto region has experienced greater difficulties in overcoming the inherent obstacles of its scale and lack or jurisdictional and organization integration is in the sphere of intermunicipal cooperation. As mentioned above, the

Toronto region has historically been characterized by weaker civic capital, and has experienced more difficulty in establishing sustained and effective regional partnerships in the areas of regional marketing, transportation and culture. The cooperative mechanisms that exist at the regional level in international marketing such as the Greater Toronto Marketing Alliance (GTMA) are relatively prominent and overtly supported by local actors. The GTMA was conceived to promote the GTA internationally and to act as a central regional portal for site selection information, advice on provincial and Canadian regulation, and to help establish international partnerships. As a public–private partnership the alliance is managed by a board of directors composed of an equal number of public and private sector members. However, there are significant indications that member buy–in is largely symbolic and less determined by functional considerations. For instance, some key municipalities in the region, including the cities of Toronto and Mississauga, have opted to mount their own foreign trade missions without the participation of the marketing alliance. Arguably, such behaviour dilutes the legitimacy of the alliance abroad and therefore undermines the core purpose of the partnership. While local actors have criticised the effectiveness of the GTMA as an organization it is telling that, rather than strive to improve regional governance, economic actors such as the municipalities have opted to pursue individual versus collective goals.

There is very little intermunicipal cooperation in the realm of culture in the Toronto region. What little coordination does exist is extremely weak and is limited to information exchange between cultural development officials within the region. These relationships are typically bi–lateral, infrequent and *ad hoc*. Interestingly, most of these relationships are not mediated directly within the region, but through external networks such as the Creative Cities Network or the Ontario Municipal Cultural Planning Partnership. Cultural officials from within the Toronto region are more likely to communicate through these broader networks and events than locally. This finding is illustrative of the strength of individual municipal solutions and the weakness of regional coordination. It is significant that supra–local coordination exists, but at the provincial or national, as opposed to regional scale. This obtains partly as a result of the concentration of arts and cultural institutions in the central city, a user–pays funding structure that relieves municipalities from a good deal of pressure to finance operating costs, and the relationship of municipalities with the provincial government, but also results from a vacuum of *regional* vision and identity.

The Toronto region has only recently become organized at the regional scale due to the involvement of the provincial government in regional transportation. Local public transportation firms have tended to remain bound by their political jurisdictions and linked only through loose coordination on routes and transfer points. In 2007 the landscape of regional transportation cooperation in the Toronto region changed dramatically with the establishment by the provincial government of the Greater Toronto Transportation Authority (GTTA), currently known as Metrolinx. The mandate of the organization set out by provincial legislation states that corporation is responsible for providing leadership in the coordination, financing, planning and development of a multi-modal transportation network that conforms to the policies outlined in *Places to Grow*. Critically, Metrolinx was not envisioned to be an integrated operator of transit systems, but rather as a coordinating body and potential forum through which inter–regional transit issues can be addressed. The organization is still in the planning and consultation stages and therefore its impact is difficult to assess. It is significant that the formalization of regional governance in this case was imposed by provincial dictate; it is doubtful that such a regional partnership would have emerged independent of provincial intervention. Although municipal partners have responded with some hostility to the authority of the organization and its recently released transit plan for the future of the region, there is growing evidence that regional municipal governments and a wider array of civic associations in the region are beginning to realign some of their transit priorities with those set out by the regional transit agency. It is still difficult to conceive of meaningful intermunicipal cooperation in this issue area in the absence of provincial action, but there is tentative evidence that municipal attitudes towards greater regional cooperation are beginning to change.

It is highly relevant that in the lead up to the next federal budget, civic associations such as the City Summit Alliance and the United Way, in conjunction with the municipal government and other business organizations, such as the Board of Trade, have been in the forefront of articulating the significant contribution that enhanced physical and transportation can make to the economic vitality of the region (Lewington 2009). While regional governance across the areas of marketing, culture and transportation in the Toronto region has been relatively weak, there is evidence that civic associationalism is beginning to build at the municipal level. The emergence of strong local civic associations such as the City Summit Alliance, TRIEC and the TRRA suggests there is no shortage of charismatic leadership or of organizational presence at the regional level, but they have experienced greater difficulty in bringing about the degree of coordination found in other urban centres There are still few associations at the regional scale, the few that exist are primarily advocacy bodies oriented towards lobbying the provincial government not aimed at bottom–up regional governance. Thus the Toronto region is characterized by a fragmentation of scales and scopes in which the regional dimension is difficult to articulate. The Toronto case is characterized, to date, by a puzzling phenomenon of relatively strong *local* civic capital with weak bridging links across the wider number of municipalities that comprise the region; but the response to the current economic situation suggests that this common sense of a regional identity and the need for a regional response is gradually emerging.

## The Waterloo Region: Strong Civic Networks, Strong Governance

The Waterloo region, in contrast, is marked by both relatively strong regional governance and dense civic capital, which has grown and intensified over time. From the founding of the University of Waterloo to the establishment of CTT Inc. and Communitech and the recent initiation of the regional Prosperity Forum, the private sector has played an instrumental role in the economic development of the region. The process of intensification has occurred in three stages. In the first two stages involved civic entrepreneurs formalizing the bonding ties within the high tech community and between local governments with the creation of Communitech and CTT. As the organizations matured bridging ties began forming with other community actors. The third stage built bridges between associations, between local and regional governments and economic and social actors through multi-stakeholder associations such as the Prosperity Forum.

Communitech was established in 1997, though its roots stretch back to the early 1990s to an informal group of twelve CEOs, called the Atlas Group, whose goal was to facilitate the exchange of ideas and improve networking relations between high technology companies. This partnership originally formed as these CEOs discovered that they were facing similar challenges stemming from the weak state of the regional ICT infrastructure. An oft–cited benefit of Communitech membership is access to a pool of shared experiences and support by providing a variety of services to its members. This has led to partnerships between technology companies, service firms, academic institutions, business support organizations and government and a role as one of the most visible organizations for regional economic development in Waterloo The association currently supports the tech community with a number of services such as Peer2Peer networking events developed to provide a forum to discuss best practices for industry leaders (CEOs, CIOs and CTOs), management and technical professionals. In addition to providing these direct services targeted at its members, Communitech also plays a much larger role in supporting non–members in the tech community as well as in local economic governance (Bramwell, Nelles, and Wolfe 2008).

With respect to intermunicipal cooperation, governance in regional marketing is the strongest in the Waterloo region. Canada's Technology Triangle Inc. (CTT Inc.) is the regional marketing association of the Waterloo region and widely regarded as one of the keystone organizations of the region. CTT Inc. remains primarily a marketing corporation. However, its vision has expanded to include issues of regional economic development, such as land use and infrastructure development. The evolution of Canada's Technology Triangle demonstrates the extent to which civic capital has intensified in the region. From a loose and narrowly based marketing partnership, the ties between municipalities have deepened. The breadth of local partners and board members reveals the bridges that have been built between the various communities, institutions and associations in the region. Indeed there has been a greater degree of cross–fertilization, as CTT Inc. is a member of several of its partner associations – such as Communitech.

Cultural coordination at the regional level has, until very recently, been structured informally through partnerships between regional groups, associations and stakeholders. Key groups in this shifting coalition include the Visual Arts Alliance, Circle in the Square, and the Alliance for a Grand Community, among others. The Prosperity Council has been active recently in organizing to promote the regional arts and cultural agenda. Most recently the Council has struck a steering committee to explore best practices with research jointly funded by the municipalities and the Kitchener and Waterloo Community Foundation (KWCF). A meeting in the fall of 2008 established several strategic research priorities, which will underpin the region's cultural agenda. This activity is indicative of the willingness of the private sector to support regional cultural initiatives, as well as a public willingness to let groups such as the Prosperity Council drive the cultural agenda at the regional level. Although concrete action on regional culture has yet to emerge the coalition of actors and support networks are in place to implement the governance vision once it is established.

In the Waterloo region regional transportation is currently the responsibility of the regional tier of government. Grand River Transit (GRT) was created in 2001 when the Regional Municipality of Waterloo (RMOW) assumed control of the previously municipally operated Kitchener Transit and Cambridge Transit. There is, however, an element of cooperation involved in regional transportation. Despite the fact that municipalities have no direct control over the actions of either the regional government or GRT, they do have significant veto power over many of its most important decisions. The municipalities are still responsible for zoning, land use planning and a variety of other areas critical to the operation of transit routes. This is particularly significant given that the growing region is in the midst of the most significant phase of public and rapid transit development and expansion since 2001 with plans for both a new light rail system and improved intercity connections under review. Formally, through the use of local jurisdiction over issues such as zoning, the municipalities have the ability to shape this expansion by blocking certain regional decisions. Informally, the cities have quite a bit of input in consultations regarding these future projects. Seen from this perspective, regional transportation is a form of tacit partnership between the municipalities and the regional government, which stands in stark contrast to the sometimes hostile relationship between Toronto region municipalities and Metrolinx.

Civic capital in the Waterloo region is relatively strong. The region is characterized by a high degree of associative activity, civic engagement, personnel overlap and well–developed organizational linkages. Indeed, most members of the region interviewed took a great deal of pride in the high levels of engagement – public and private – in the region and its prosperity. While political linkages are fairly well developed, civic capital is most highly developed outside of the public sector. Most key leaders, groups and initiatives that have been most influential in linking and promoting the regional agenda have emerged from the private and higher education sectors, but all sectors of the region readily acknowledge the high degree of networking and interaction that exists across the various sectors – both public and private –concerned with the economic future of the region.

## Conclusion

The preceding analysis outlines an emerging paradigm for economic development policy based on the underlying principles of associative regional, and multi–level, governance focused on the urban scale.  Achieving more effective policy alignment requires a greater degree of coordination across various levels of government, at both jurisdictional and spatial scales, as well as among their respective economic development agencies. It is also requires a more engaged involvement on the part of a broader range of societal actors through active 'civic entrepreneurship' in a reflexive manner that contributes to social learning. In a globalizing, knowledge–based economy of increasingly complex policy problems, the search for effective solutions must draw upon all relevant actors, not just those employed in formal governmental bureaucracies. No one level of government has a monopoly on the policy instruments and approaches necessary for an effective economic development strategy at the urban scale. The coordinated approach to economic development policy requires a more integrated and joined–up approach to policy planning at the 'governance' level. The numerous examples described above from the case studies in Ottawa, the Greater Toronto and Waterloo regions show evidence of a growing interest in, and willingness, to cooperate across jurisdictions and between the public and private sectors. Individually, no one case provides a clear and unambiguous guide or 'blueprint' of the way forward. Collectively, however, they provide compelling evidence that we have begun to move in the right direction. Both the cases and the broader conceptual approaches outlined in this paper provide valuable insight into how new governance models can be used at the urban level to achieve a greater degree of policy alignment in formulating responses across all three levels of government to the current economic restructuring.

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Dr. Jen Nelles recently defended her Ph.D. thesis in the Department of Political Science at the University of Toronto. Her research focuses on the dynamics of and conditions under which inter-municipal cooperation will emerge. She is also a research associate with the Innovation Systems Research Network.

## Working Paper Series

This working paper is part of the *Ontario in the Creative Age* series, a project we are conducting for the Ontario Government. The project was first announced in the 2008 Ontario Budget Speech, and its purpose is to understand the changing composition of Ontario's economy and workforce, examine historical changes and projected future trends affecting Ontario, and provide recommendations to the Province for ensuring that Ontario's economy and people remain globally competitive and prosperous.

The purpose of the working papers in this series is to engage selected issues related to our report: *Ontario in the Creative Age*. The series will involve a number of releases over the course of the coming months. Each paper has been reviewed for content and edited for clarity by Martin Prosperity Institute staff and affiliates. As working papers, they have not undergone rigorous academic peer review.

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