

**The Politics of Associative Governance: Institutional Change and Economic
Governance in 'Canada's Technology Triangle'**

Dr. Joe Leibovitz
Department of Urban Studies
University of Glasgow
Glasgow, UK G12 8RS

Introduction

In 1987 the four cities of Cambridge, Kitchener, Waterloo and Guelph agreed to set-up a loose federative arrangement in order to collaborate, to some extent, on economic development initiatives. Thus, 1987 marked the formal birth of an ‘economic region’ known as Canada’s Technology Triangle (CTT). Originally, the formation of CTT was intended mainly to co-ordinate the promotional efforts of the four cities, and to establish a more significant ‘presence’ on the radar screen of potential investors. In many important ways, however, the creation of the CTT has opened a window of opportunity for a process of institutional development aimed at creating the capacity for formulating regional economic development policy. Also of importance, CTT, as an institutional artefact, has projected the possibility of constructing an integrated economic development network comprising four cities, which had been known for their rather active individual local economic development efforts and, importantly in this context, for their ‘healthy’ competitive attitude towards each other (interviews with local economic development officers and elected public officials). It was also hoped that private sector interests would become more closely involved in a region-wide partnership for economic governance, thus combining the strengths and resources of the public and the private sectors in securing the position of CTT (as a technology-oriented ‘district’) within an emerging spatial division of labour. As one economic development officer mentioned in an interview, the possibility of engaging the private sector in a closer partnership raised considerable excitement at the time because of the potential of business leaders to “market the region and its assets in a most effective way.”

While the orientation towards the construction of a working regional partnership may resonate with theories of ‘urban regimes’ and ‘growth coalitions’, it must be

emphasised that neither model captures the reality of institutional change in the CTT. For the most part, economic development as a policy area has failed to capture the political arena of the four cities involved, with the exception of periodic and short-lived debates. As a result, one would be hard pressed to portray the change in economic governance in the region as a 'regime shift' or even as an emergent 'growth coalition.' Rather, the process of institutional change, as it is related to economic governance in the CTT, demonstrates some of the difficulties associated with attempting to build coherent structures for collaboration between actors with varying territorial and economic interests. As a result, and given the concern of this thesis with regional institutional formation, the creation of Canada's Technology Triangle and the political-economic context which has surrounded it, provides an opportunity to examine the contested process of institutional building and institutional relations in a region which, some authors argue, has exhibited throughout its history economic resilience and successful industrial adaptation (Smith 1996; Walker 1987).

Hence, the central argument of this chapter is: in Canada's Technology Triangle one of the major institutional development processes has been the establishment of capacity for economic governance at the regional level in the form of a network of public institutions and private sector interests. As a result, the notion of re-scaling economic governance has taken a prominent position within the dynamics of institutional change in the region. In particular, in building new institutions for economic governance, such as a regional development agency, public-private partnership, and business and civic associations, the prominent problem has been one of integration. In other words, creating structures for meaningful network relations—of constant dialogue, trust and collaboration—between different jurisdictions, power bases, private interests and social constituencies has proved problematic. For example, long-standing traditions of local

municipalism and resentment towards regionalization have found themselves at increasing odds with 'new' local actors who view regional scale of governance as a competitive imperative. Likewise, little agreement and trust between different fractions of capital have prevailed. Thus, the very essence of 'social capital', the presence of strong networks of trust and collaboration between different elements of civil society, has been hard to generate where the prevailing culture and tradition have been one of individualistic and competitive attitudes.

In 1998 the Regional Municipality of Waterloo voted to create a regional economic development corporation which would give the CTT a stronger presence on the 'radar screen' of global investors, as well as enable the region to present a unified voice in economic terms, and develop strategic regional economic policy capacity. Seemingly, this decision sealed the process of institutional development in support of regional economic governance. However, at the time of writing only the city councils of Kitchener and Waterloo have approved of the new organisation, while in Cambridge and Guelph the motion to join the three other partners (including the Regional Government of Waterloo) was defeated. Consequently, it remains far from clear whether the drive towards re-scaling economic governance will be successful.

Undoubtedly, the process of developing institutional capacity in the CTT region has been contested. This sheds some critical light on the somewhat idealistic conceptions of the role of institutions and associative governance in regional development which have surfaced in the literature in the last decade (Hirst, 1994; Putnam, 1993). My general argument in this thesis is that the process of institutional development is marked by uneven geography, and it reflects conflicting interests and perspectives. Furthermore, despite the seemingly unstoppable advent of economic globalisation, local specificities remain important. It is only through a consideration of how processes operating at

various spatial scales interact that we can understand better the development trajectories of specific cases.

The outcome of this interaction is not pre-determined. In the CTT, the ‘global economic imperative’, as it has been articulated by a number of prominent actors in the community, was to establish a strong, regionally-unified economic development voice. However, such an undertaking, and a rather simplistic outlook, proved problematic precisely because they were in conflict with particular local conditions and traditions. The next section of this chapter thus moves to consider the specific historical process of economic and political development in the region of Waterloo. Through such consideration I seek to demonstrate that the process of recasting economic governance is not pre-determined. Rather, economic, social and political contingencies, which interact with a wider process of restructuring, produce specific patterns of institutional form.

1. The Political Economy of the Waterloo Region

To an extent, the historical and political geography of the Region of Waterloo (which includes the cities of Cambridge, Kitchener and Waterloo) tells a story of three solitudes. The ‘individualistic’ character of urban development policy in the region has been compounded and further complicated by at least two factors. Firstly, the location of the City of Guelph outside of the boundaries of the Regional Municipality of Waterloo (RMOW) and within Wellington County has meant that its inclusion in the CTT has always been politically problematic. Furthermore, the relative isolation of Guelph from RMOW has led some to argue that its economic orientation lies elsewhere, either within the Greater Toronto Area’s economic shadow, or as a relatively isolated, and to an extent independent, economic entity (interviews with Guelph economic development officers and public officials). As a result, the inclusion of Guelph in an integrated institutional

fabric of regional economic governance has remained politically and economically contested.

Secondly, the City of Cambridge itself was incorporated in 1974 by the amalgamation of three communities: Galt, Hespeler and Preston. The creation of Cambridge itself met with substantial opposition at the time and has left a legacy of resentment towards the process of regionalization, which remains evident in the operation of City Council even in the 1990s.

The following discussion thus sets the necessary historical context for the emergence of particular institutional and political forms in the CTT. This historical geography does not merely serve as background information. Indeed, the argument here is that the unique experience of institutional development in the Waterloo region since the late 1980s, which is documented in this thesis, bears significant links to the past. It thus cannot be fully understood in isolation from the path-dependent nature of political and economic development in the region.

1.1. The Economic and Political Development of the Waterloo Region: A Brief

Historical Perspective

From the early 19th Century, the settlement of Pennsylvanian Mennonites gave the Waterloo region and its communities—the villages (and later cities) of Waterloo, Berlin (later re-named Kitchener), Galt, Hespeler and Preston—unique cultural character and a common historical legacy. This cultural and historical commonality would help to define the region's distinctive identity within the overall geographic context of southern Ontario (Bloomfield 1987a; McLaughlin 1987; McLaughlin 1990; English and McLaughlin 1982).

The origins of the City of Waterloo lie in an area along the Grand River originally known as the German Company Tract, and settled primarily by pacifist Mennonites who acquired rights to lands initially inhabited by the Six Nations. As such, Waterloo was to develop, at least initially, as an area which saw close interaction between British and German settlers.

The establishment of sawmills and grist mills in the early 19th century by Mennonite settlers led by Abraham Erb in a strategic location west of the Grand River thus gave birth to what became the village of Waterloo and subsequently the City of Waterloo. From its early history, Waterloo not only served an important economic function as a 'central place' in an agricultural region, but it also fulfilled important needs as a social-cultural centre and a place of interaction between farmers from the surrounding region who often suffered from acute isolation. Its relative geographic isolation, its important economic function in a regional context, and its particular Mennonite culture thus created in Waterloo somewhat of a unique settlement, set apart from the Anglo-Saxon cultural attributes of the rest of the province.

Similarly, English and McLaughlin (1982) have noted that in the development of the hamlet of Berlin since the early 1830s, the presence of the Mennonites contributed to its distinctiveness from the predominately Anglo-Saxon settlements prevailing in Upper Canada. Likewise, the original settlements of Preston and Hespeler (now amalgamated into the City of Cambridge) were founded by Pennsylvanian Mennonites, who were attracted by the plentiful and relatively cheap arable land, as well as the isolation from other commercial centres. In the early 19th century two mills constructed near the confluence of the Grand and Speed Rivers formed the basis for the hamlet of Cambridge Mills, which would eventually become the area's first urban settlement of Preston. Like Waterloo, the Cambridge area settlements fulfilled important regional roles, as the

Cambridge Mills and Shade Mills supplied their surrounding rural hinterlands with lumber, and provided mills to process the farmers' grain (McLaughlin, 1987).

The latter part of the 19th century, and the period leading up to, and following, the First World War, saw considerable economic and social change in the communities comprising the Waterloo area. Briefly, this change included the completion of the Grand Trunk Railway, connecting Toronto to Berlin, and consequently helping to re-orient the Waterloo area economy eastward. In addition, metal, grain and textile industries flourished in the Cambridge area, aided by Scottish immigrants and by the construction of a dam and a canal, and later by hydroelectricity (McLaughlin, 1987). In Berlin/Kitchener and the village of Waterloo, German immigrants, bringing with them strong entrepreneurial and industrial ethos, made an important impact on the cultural and economic life of these communities. The overall effect of immigration, local entrepreneurship, and rapidly developing transport links between the Waterloo area and the rest of Ontario was to create a diversified economic structure, containing a range of manufacturing establishments (including a growing number of beer breweries), and small businesses and traders (Bloomfield, 1987a; McLaughlin, 1990).

Somewhat uniquely, in the case of the village of Waterloo this diversified structure was augmented by the emergence, since the second half of the 19th century of a number of 'mutually-organised' insurance companies. Starting in 1863, with the establishment of the Waterloo County Mutual Fire Insurance Company, the direct involvement of local community leaders in supporting the development of a life insurance sector contributed to the emergence of The Mutual Life Assurance Company of Canada, the North Waterloo Farmer's Mutual Fire Insurance Company, the Mercantile Fire Insurance Company, and the Dominion Life Assurance Company within a relatively short period of time.

Economically, the growth of insurance companies in Waterloo would serve as an important source of employment and as a cushion against the boom and bust cycles of the economy. Politically and socially, the insurance sector seemed to have risen out of the “village’s ethos in which co-operation and mutual concern were important values” (McLaughlin, 1990, p. 49). As well, such a development came out of a context of relative social stability in the community. As McLaughlin argues, it helped to solidify a specific identity for the village, and later the town and the City of Waterloo, an identity which was based on a progressive-minded approach to local growth policy, coupled with somewhat unique relationships with the surrounding rural hinterland.

1.2. Post-War Regional Economic Change

The Cambridge area’s economic fate began to take a different shape than Waterloo’s and Berlin-Kitchener’s especially in the post-Second-World War period (McLaughlin, 1987). As in the rest of Canada, the advent of the Second World War ended the economic stagnation of the 1930s, as war contracts flooded into the three Cambridge area communities. Consequently, textiles, shells and munitions, boilers and steam engines were all needed to sustain Canada’s war effort. Workers were also required to meet the high wartime demand for manufactured goods. Young single women from Newfoundland and northern Ontario were recruited to firms such as Dominion Woollens. These women represented something of a social revolution in the workplace and many remained after the war.

In the context of the post-Second World War economic growth, the growth of manufacturing industries had important implications for Hespeler, Galt and Preston, as it had for the cities of Waterloo and Kitchener. In addition to providing employment opportunities, growing demand for housing and social services fuelled the developing

new subdivisions in the region during this period, as the boundaries of Galt, Preston and Hespeler gradually coalesced.

Since the mid-nineteenth century the textile industries so important to Galt, Preston and Hespeler had expanded and amalgamated with each other to form larger companies. However from the early 1950s onwards many companies were either forced to reduce their workforce or went into receivership. For example between 1949 and 1955 the workforce of Dominion Woollens dropped from 1,357 to 552 and in 1958 the company was forced into receivership (McLaughlin, 1987). This had a staggering impact on all three communities. Factors such as the introduction of synthetic fibres, relatively high wages in Canada (which could easily be undercut by firms located in Third World Countries) and changing fashions were leading to the decline of the Galt, Preston and Hespeler textile industries. The consequent rise in unemployment was soon offset by employment Galt, Preston and Hespeler residents found outside their own communities. Thus, “the barriers that had once existed between the three communities had been broken by adversity as well as by new job opportunities” (McLaughlin, 1987, p. 112).

In the wake of the declining textile industry, foreign investment (particularly from the US) reached unprecedented proportions and the economy diversified as new firms were attracted by the skilled labour pool and attractive wage rates. By 1970, 85% of the industrial assets of the Galt, Preston and Hespeler complex were controlled outside Canada.

Undoubtedly one of the most significant steps in the formations of identity politics in the Waterloo Region in general, and the relationship between the ‘twin cities’ of Berlin and Waterloo in particular, came during the First World War, when German identities in Canada as a whole came under serious challenge from the Anglo-Saxon

establishment. This emerging tension found particular geographic expression within the Waterloo region. While in the pre-war years Waterloo and Berlin seemed to be growing closer because of the need to achieve economies of scale in services delivery and the provision of infrastructure, McLaughlin argues that the war put an end to that process. Berlin chose to change its name to Kitchener in 1916, and exhibited signs of internal divisions due to tensions between German and Anglo-Saxon identities. Waterloo, on the other hand, had assumed an increasing Anglo-Saxon identity in large part because of the growing prominence of its Anglo-Saxon elite in Canadian social, economic and political life. Thus, McLaughlin (1990, p. 71) argues that by the end of the war, “Waterloo had clearly distinguished itself as a community both different and separate from Berlin-Kitchener. The reality of the ‘twin cities’ also meant that they were separate cities, each with its own character and identity.”

The period between the 1900 and 1914 was thus a period of impressive population, commercial and industrial growth in Waterloo. From a population of 1,590 in 1871, the town grew to just under 5,000 residents by 1915. The number of industrial workers grew from 218 in 1871 to 1,050 in 1915, increasing the proportion of manufacturing employment from 13.7 percent to 21.2 percent. Furthermore, the industrial growth in Waterloo was marked by its high share of locally-owned companies rather than the outside ownership which have come to characterise Canadian industrial growth as a whole (Bloomfield, 1987a and 1987b).

The economic development process in Waterloo was accompanied by concurrent developments in business-government relations in the town in the form of expansionary industrial policy, the use of financial incentives by the town council in order to lure companies and support their expansion, and a growing influence of the local business community in local economic policy. For example, McLaughlin notes the increasing

involvement of the Waterloo Board of Trade in local policies and its influential lobbying for industrial expansion supported by tax exemptions and other financial incentives.

Related is the particular form of local class politics which developed in Waterloo in the first half of the 20th century. Here, the particular traditions of 'local conservatism' and preoccupation with social stability meant that industrial unrest was relatively lacking, and that local labour solidarity was somewhat feeble despite a context of growing labour movement organisation at the provincial and national level. As well, the high degree of home ownership in the town had introduced another element of stability and reduced somewhat the motivation of workers to embark on radical labour movement action.

According to McLaughlin, this particular form of local class relations had an explicit connection with the town's evolving spatial structure:

“The location of Waterloo's factories near the central business district...provided an important focus for community life. At the same time, the dispersion of residential areas around the central part of the town meant that Waterloo had never developed an overwhelming working-class district as was so common in most industrial communities.

The stability of employment offered by insurance companies, a distillery, and a brewery meant that unemployment was rarely a problem. The steady growth of Waterloo during these years also saved the town from the boom and bust cycles that created social unrest and serious discontent in other cities” (McLaughlin, 1990, p. 89).

Although the fairly celebratory tone of such accounts should not be taken without caution, the relative stability of employment in Waterloo, even throughout the Great Depression of the 1930s, attests to the town's rather sound economic base. Its social environment was undoubtedly affected by the strong presence of the insurance companies. This presence translated itself into a sort of paternalistic relationship that had developed between the companies and the town residents. Such relationships found their expression in several areas, but most notably in the sponsorship of leisure activities, sporting events and the development of recreation facilities. Cautiously, this could be

interpreted as contributing to a brand of ‘corporatist’ relations between industry, workers and local government in Waterloo, relations that worked to solidify a particular form of community identity. In the first instance, this identity would set itself apart from the rest of the region, where Kitchener and Cambridge had assumed more of a working class community outlook. Second, aided by the development of two universities since the 1950s, the increasingly service-oriented economy and the growth of knowledge-based industry began to mould an image of a “boom town” with entrenched *laissez-fair* attitudes. This form of identity, in turn, has triggered increasing concern about the role of the local state in managing economic success and ensuring its continuity.

The period following the Second World War saw rapid economic and population growth in Waterloo, as in the rest of the country. Many of the locally-based firms, such as the Seagram Distillery and the Waterloo Manufacturing Company were merged, acquired or otherwise amalgamated with ‘outside’ owners, thus reflecting an increasing trend for industrial consolidation world-wide (Bloomfield, 1987b; Walker, 1987). Socially, the war efforts contributed to higher levels of participation in the economy, particularly of women, and in the years following the war to higher levels of household income to the extent that “Waterloo took on that ‘middle-class’ aspect that has marked it ever since” (McLaughlin 1990, p. 103).

In many ways the war efforts and the period of rapid population growth which followed fuelled ever increasing demands for improved social services, among which education at all levels took a prominent position. Of particular significance, here, is the development in Waterloo of higher education institutions throughout the 1950s and 1960s: the Waterloo Lutheran University (which later became Wilfried Laurier University) and in particular the University of Waterloo. The latter has come to symbolise Waterloo’s economic prosperity so much that it is widely claimed that it had

“inexorably changed the destiny of the tiny city of Waterloo” (McLaughlin, 1990, p. 139).

Notwithstanding the careful treatment that such celebratory historical narratives warrant, the role of the University of Waterloo in the institutional and economic development of the city and region should not be underestimated. Here, a number of material and image-oriented influences should be noted. First, by the mid-1960s the two universities, Wilfrid Laurier University and the University of Waterloo, became the second largest employers in the city, following the insurance firms. Second, in terms of urban development patterns, the University of Waterloo’s growth and its acquisition and subsequent involvement in campus development plans contributed to the changing spatial structure of the city, as the university absorbed farm lands and integrated them into its campus.

Third, in institutional terms, the direct and active involvement of local entrepreneurs in the development and growth of the university has contributed to a particular path-dependent economic trajectory in the city and the surrounding region (Eastwood, 1987). For authors such as Arthur (1989), Nelson and Winter (1982) and Storper (1997) the path-dependent and evolutionary nature of technological change in particular regions is an outcome of a truly historical process, one in which particular choices are fundamental and irreversible. Of particular importance here is Storper’s assertion that comparative regional advantages are created and re-produced by a set of relational assets, or by regional capacity to develop *economic reflexivity*. According to Storper (1997, p. 29),

“this term refers to the possibility for groups of actors in the various institutional spheres of modern capitalism—firms, markets, governments, households and other collectives—to shape the course of economic evolution. They can do so because they can now reflect on the functioning of their environments in a way that is not limited by existing parameters, and where certain groups are explicitly wedded to shaking up such environments to their own advantage (innovation).”

Cautiously, the struggle to establish post-secondary education in Waterloo, involving prominent members of the business community of both Kitchener and Waterloo, as well as some of the religious-affiliated educational institutions, would seem to resemble such visionary reflexivity. The establishment of one of Canada's first co-operative (work-study) education plan at the University of Waterloo, for example, undoubtedly contributed to both a materially-oriented university-community relationship, especially related to technological innovation transfer and commercialisation, as well as to an imaginary construct of a 'technology region'. Storper, for example, stresses that such imaginary constructs should not be under-estimated. As he argues, "interpretations and constructed images of reality are now just as important as any 'real' material reality, because these interpretations and images are diffused and accepted and become bases on which people act: they become real" (Storper 1997, p. 29).

In an important way, then, the University of Waterloo, has become a key institution in the path-dependent nature of Waterloo's economic growth. Furthermore, and given the interest of this thesis in questions of scale, it is important to note that while contributing to the region of Waterloo's comparative economic advantage, the presence of two universities within the city of Waterloo has contributed further to its distinctive identity compared to that of the neighbouring cities of Kitchener and Cambridge. As one local official commented in an interview regarding Waterloo's approach to local economic development:

"What we try to do [is to say] "what have we got that other communities don't?" And the first thing we look at is that we have two universities...so we [have] an educational advantage, and that is what we have to offer that other communities do not."

By the early 1970s Waterloo's population grew by more than 400 percent since the end of the Second World War, and its differentiation from Kitchener became ever more striking, both in terms of the built environment and in terms of socio-economic conditions (Filion and Rutherford 1996). For example, in the early 1980s census data revealed that Waterloo's average family income was just above \$31,000, while Kitchener's was at \$26,278. In addition, Waterloo's manufacturing base had expanded more rapidly than Kitchener's, with a noticeable concentration on technology-oriented firms, many of them related in some way to the universities (Bathelt and Hecht 1990; Eastwood 1987; McLaughlin 1990). Thus, between 1950 and 1980 the number of industrial plants in Waterloo grew from 55 to 132, and employment in them grew from 2,572 to 7,314, an increase of 184 percent.

In addition, the image of Waterloo as the "Hartford of Canada," which was based on its role as a centre for the insurance industry changed, to that of a high-technology- and knowledge-based community. The physical development of the city changed quite dramatically due to the expansion of the campuses, which pulled development towards the north and north-west parts of the city (Stewart 1996).

As alluded to earlier, growth and economic change in the city of Waterloo, as well as the region as a whole, had begun to raise serious questions about local and regional governance. In particular, the cost of growth and the challenges that it had posed had become apparent with increasing pressures on services and infrastructure, and declining city centres (Bunting and Filion 1996; Curtis 1996; Stewart 1996). These brought to the surface the tension between the traditional aspiration of each individual community to defend its local distinctiveness on one hand, and the increasingly urgent necessity to co-ordinate the process of development at a larger geographic scale on the other.

Such concerns were also reflected in the economic and political development of the City of Kitchener. Since the Second World War, industrial growth in Kitchener, increased productivity in its agricultural hinterland, and a growing middle class led to significant changes in the class composition and class politics of the city (English and McLaughlin 1982). The war years saw the integration of the labour movement into civic affairs and the beginnings of a more active role for local government in encouraging industrial and commercial development (Bloomfield 1987b). Increasing productivity in the surrounding agricultural hinterland freed workers to participate in Kitchener's burgeoning industries. Kitchener's population thus increased and the city's social structure became predominantly middle class. This prosperity continued into the early post-war years fuelled by consumer demand for manufactured goods.

Aside from automotive related industries, which were foreign controlled, Kitchener's major manufacturing companies were locally controlled. Kitchener's rubber manufacturing and food processing industries flourished under the war-time conditions of the early 1940s. As unemployment gradually fell, the potential for workers to exert their collective bargaining rights increased, and labour disputes became prevalent during the 1940s, perhaps reaching a climax in 1946 when the United Rubber Workers negotiated for a fairer share of the industry's profits for its members. Labour disputes were rare in the ensuing two decades.

As mentioned earlier, one consequence of the post-war economic growth has been the emergence of regional politics as an arena of conflict and tension between the cities of Waterloo and Kitchener. From Kitchener's perspective, tensions between the cities and surrounding local authorities centred upon the belief that Kitchener shouldered too much of the burden of regional growth. The municipal fragmentation in the region was

addressed by the provincially-appointed Waterloo Area Local Government Review Committee, which in 1970 commented that “many of the difficulties in carrying out such functions as slum clearance, urban renewal, town planning, pollution control and area development arise as much from the complexities and fragmentation of local government as from any other source” (cited in English and McLaughlin 1982, p.177)

The greatest controversy in Kitchener during the 1960s and 1970s was the downtown market square development. Again, inner-city development was understood as an outcome of regional growth patterns, in particular suburbanization and concurrent retail development in the urban fringes, which gave Kitchener and Waterloo the character of ‘dispersed communities’ (Bunting and Filion 1996), to the detriment of the economic health of traditional urban cores. The redevelopment of Market Square in Kitchener was intended to revive the decaying city centre, in order to enable it to compete with suburban shopping centres. In 1963, a Kitchener Urban Renewal Committee was formed to give direction to downtown revitalisation, and the core re-development agenda unified the often disparate views of organised labour, financial interests, manufacturers and the media who all recognised that the negative political and economic ramifications of a deteriorating city centre affected them all. Despite this apparent unity, the actual results of the regeneration efforts were limited, as vacancy rates and loss of population and economic activity in the core remained significant in the ensuing decades (Curtis 1996; Filion 1993b and 1995; Schultz and Curtis 1996).

1.3. Economic Development and Political Issues Since the Early 1970s

Economic and urban development patterns since the early 1960s meant that managing and co-ordinating the consequences of growth have become key issues in the governance of the Waterloo region (Stewart 1996). By the early 1970s these challenges

have become even more apparent, reaching a climax with the province's decision to impose regional government on what had been a county council.

Here, one could talk about a number of geographic scales in and through which governance problems have presented themselves. Firstly, the region of Waterloo continued its prolonged and gradual process of integration into the growing industrially-based southern Ontario economy through improvements in transportation and communication infrastructures (Filion and Rutherford 1996). Although this meant that the region was able to share in the benefits of industrial growth, it would also come to create a growing threat to the region's particular identity.

At another level, the continued differences between the three communities—Cambridge, Kitchener and Waterloo—grounded in long-standing tradition of local municipalism, despite growing industrial integration, paused questions regarding the apparent uneven development in the region. As noted in the previous section, and as Filion and Rutherford (1996) argue, the city of Waterloo, enjoying the benefits of a strong service economy and the impact of the universities, grew further apart in socio-economic terms (such as income levels and educational attainment) from the more heavily manufacturing-based Kitchener and Cambridge.

Thirdly, in a paradoxical way, civic leaders in Waterloo began to appreciate the extent to which economic success brought about a threat to the city's identity. The declining health of the city's core crystallised this threat. Since the early 1960s the development of a dispersed urban form, including suburban and regional shopping centres development and de-industrialization of the core, meant that Waterloo's city centre had found it increasingly difficult to retain its share as an employment, shopping and, entertainment centre (Bunting 1996). This led the city to engage in partnership arrangements with developers in order to embark upon the Waterloo Square project in

1960, a mixed retail and office development. From the outset, the project and the speculative involvement of the municipality in it drew strong criticism, while the project itself was plagued with problems and uncertainties which eventually led to delays and re-negotiation between the city and the developer. Subsequently, the office space was filled thanks to the growth of the universities and growing needs for services at the local and county levels. However, ownership of the site continued to change hands, and subsequent plans and policies continued to struggle with the issue of core revitalisation over the span of the next three decades (Bunting and Filion 1996; McLaughlin 1990).

Nevertheless, the continued willingness of city council in Waterloo, as well as in Kitchener, to devote substantial efforts, even speculative at times, towards core regeneration are symptomatic and demonstrate the on-going concern of the individual municipalities with the preservation of their distinctive identities. Such a history bears important consequences on the more contemporary process of institutional development that is documented in this thesis. The historical, political and economic geography of the region is such that local-regional dialectics constitute an important element in the development of institutionally-based relations. As will be referred to a number of times, such dialectical legacy helps to explain the particular form of institutions which have emerged in the region. This institutional form has been characterised by, firstly, inter-municipal tensions; secondly, by local-regional tensions; and thirdly, by the fragmented, and to an extent territorially-based, nature of business associations in the region. Consequently, the particular outcomes of the efforts to design 'new' institutional fabric are not pre-determined, but reflect the interplay of the contingencies of place with wider processes of restructuring.

The challenges for governance posed by growth reflect the contingent and contested nature of institutional change in the region, as regional governance has had to

confront a complex pattern of urban development. The MacDonald-Cartier Freeway (Highway 401) opened in 1960 and linked Galt, Preston and Hespeler directly to Toronto. It proved to be a major catalyst for economic and political change, as the commercial and industrial centre of the three communities began to be pulled inexorably toward it. The economic growth surrounding the new highway foreshadowed what would be come one of the most intense political debates of the century in the Waterloo region as a whole, and in Cambridge in particular: the proposed amalgamation of Galt, Preston and Hespeler, and parts of Waterloo and North Dumfries townships, into one urban community.

The rate of growth of Galt, Preston and Hespeler and the complexity of rural and urban planning issues, such as water supply, sewage disposal and industrial development called for a more concerted approach than could be offered by their local governments alone. However, the three communities had different answers as how best to resolve these issues. In addition to the reluctance of Galt, Preston and Hespeler to give up their political autonomy, practical reasons such as the difficulty of linking-up separate water systems, would also make amalgamation difficult.

Nonetheless the central recommendation of the Waterloo Area Local Government Review (1970) was the amalgamation of Galt, Preston and Hespeler. The Provincial Government adopted this recommendation in 1973, amalgamating Galt, Preston and Hespeler into the new City of Cambridge, and creating the Regional Municipality of Waterloo as an upper tier structure.

The choice of Claudette Millar as the new Mayor of Cambridge seemed to reflect the residents wish for a new beginning free from the bickering which had marred the transition from Galt, Preston and Hespeler to Cambridge. However, local politics remained fractious and the new council seldom worked as a cohesive unit (McLaughlin

1987). One unifying force within Cambridge's communities has been historic preservation. The decline in its economy prevented the architectural devastation that occurred elsewhere. In addition, Council and some heritage minded citizens asserted the primary importance of the original core areas as a means of maintaining a viable community. The regional government was blamed for threatening the viability of Cambridge's city core by allowing suburban strip and plaza developments. In the late 1970s more than 80% of the Cambridge electorate voted in favour of the city's negotiating its way out of the regional municipality of Waterloo. As McLaughlin has put it, "it was certainly better to vent old antagonisms against an outside enemy rather than continue internal warfare" (1987; p. 126).

In addition to the bitterness surrounding the creation of Cambridge, the 1970 regional review commission headed by Stewart Fyfe stirred further controversy when it recommended that the cities of Waterloo and Kitchener become one city, citing the economic integration of the two communities and economies of scale in service deliveries. The province seemed to accept this view at first, but when strong local opposition mounted the Ministry of Municipal Affairs decided otherwise. Indeed, the possibility of amalgamation of the 'twin cities' is not new and has come to the surface periodically since the mid 19th century. It seems reasonable to suggest that the amalgamation agenda, brought about from time to time by local business groups or the province, has been one of the central features of the politics of inter-municipal relations involving Kitchener and Waterloo.

However, as mentioned above, the process of regionalization of local government throughout Ontario, which started in the 1950s, finally caught-up with the Waterloo region in 1973. Although the Fyfe Commission's recommendation for amalgamating the 'twin-cities' was not accepted, the province did decide to create the Regional

Municipality of Waterloo, consisting of the cities of Kitchener, Waterloo, Cambridge and surrounding rural jurisdictions. This decision represented a compromise as the province decision-making process was clearly affected by the strong opposition campaign to amalgamation, which was led by a coalition of public officials, university professors, local industrialists and women's groups. The fact that the province chose not to fully implement the Fyfe report was seen as a victory to the separate identities of Waterloo and Kitchener, and as a recognition of the "dramatic difference in the temperament and operation of the two cities" (McLaughlin 1990, pp. 138-139).

Nevertheless, the economic development of the city of Waterloo, especially since the establishment of the universities, has undoubtedly changed the form of local politics. By the early 1980s concerns over the loss of Waterloo's old identity were mounting. The destruction of old buildings and the development of modern shopping and office spaces certainly added to the anxiety over the loss of 'old Waterloo.' The development of a 'post-industrial city' in Waterloo came to a symbolic peak with the decision of Charles Bronfman, owner of the Seagram Company, to develop in 1984 a museum on the site of the original Seagram Distillery, thus creating a concrete example of the process of 'creative destruction.'

The renewed importance that the politics of growth management assumed by the mid-1980s continued to pose serious challenges for local and regional governance. Such challenges were well reflected in the discourses of local politicians and civic leaders. As McLaughlin (1990, p. 143) has noted:

"Headlines such as "Waterloo Growth Surpassed Toyota," "Economic Excitement Continues at Waterloo," or "Lakeshore Plan to add 3,000" began to be replaced by others stating, "Quality of Life at Stake as Waterloo Plots Growth," and "Aesthetics Important." People began to complain about "traffic jams, water shortages, loss of farmland and the deteriorating quality of the city's creeks and lakes.""

Developing an institutional framework for economic development has thus been embedded within such broader, and growing, concerns over governance. Indeed, as the local business community, at least the one represented by the Kitchener-Waterloo Chamber of Commerce, sought to change the parameters of public-private relations via creating a 'new partnership model' towards the mid-1990s, its more encompassing aspiration to contribute to yet another local and regional governance reform has become evident during the same period. In an important way, then, while the story of institutional formation with respect to economic development might seem somewhat marginal to the regional political arena in the first instance, it has significant connections with and implications to the wider issue of governance in Canada's Technology Triangle.

In important ways, the historical legacies of the region have continued to impact the form of institutions in the region. Those legacies include local conservatism borne out of traditional concerns for social stability held by civic leaders in the region; the important role that municipal governments have played in maintaining the particular identities of the different communities comprising the Waterloo Region; and the continuation of territorial differentiation and fragmentation within the region, based on historical, cultural and socio-economic characteristics, and encompassing different institutions of both the state and civil society. These historical legacies have found their way into the process of institutional development documented in this thesis.

2. Institutional Change and Economic Governance

This section examines the chronology of institutional change in the CTT region since the late 1980s. The particular focus in this discussion is on the various (and sometimes conflicting) forces behind the process of institutional development, thus demonstrating the complex patterns of causality which are at work in the process of local

and regional change. In order to set the necessary context for this discussion the next sections move to consider the main patterns of economic change in the region since the early 1980s, and the economic policy responses of local municipalities. Given the centrality of local municipalism in the region, such consideration is essential to the explanation of the particular form which regional institutions and economic governance have taken since the late 1980s.

2.1. Regional Economic Challenges

Given the strong presence of manufacturing industries in the Waterloo Region, the effects of economic restructuring since the 1980s on the community have been significant. Firstly, the share of manufacturing employment within the Kitchener CMA (whose boundaries largely correspond to those of the Regional Municipality of Waterloo) declined from 37% of total employment in 1981 to 26% in 1996. This was accompanied by considerable change in the share of service employment, which increased from 26% to just below 35% in the same period (see Table 1).

The effects of the recessions of the early 1980s and early 1990s had particular consequences for the region's economy. As Table 2 demonstrates, the early 1990s recession was mostly felt by contraction in construction industries and government services, which each suffered a loss of more than 20% in employment. Manufacturing jobs showed somewhat different patterns, with the period between 1986 to 1991 showing a loss of 10% in manufacturing jobs. In the early 1990s recession, however, manufacturing jobs in the Kitchener CMA fared better than those in the province of Ontario and Canada as a whole. While Ontario and Canada suffered from losses in manufacturing in the 1991-1996 period, the relative resilience of the Kitchener CMA industrial base was demonstrated when the region's manufacturing sector actually grew

by more than 5% (see Table 2). Occupational data in tables 3 and 4 complement this picture. As the early 1990s economic recession rippled through the regional economy, blue-collar-related occupations such as trade, transport and equipment operators showed relative decline, while scientific and technical occupations, as well as cultural-related occupations, grew rather impressively. Of special note is the 11.8% growth in scientific occupations, which was significantly stronger than the provincial and national performance, reflecting the impact on the region of university and research-related jobs, as well as those generated by technology-oriented firms.

Table 1. Employment by Industry in the Kitchener CMA, 1981-1996

Industry	1981		1986		1991		1996	
	No.	%	No.	%	No.	%	No.	%
Primary industry	2,605	1.7	2,805	1.6	3,325	1.7	2,945	1.5
Manufacturing	56,080	36.8	57,525	33.7	51,830	26.2	54,615	26.9
Construction	7,970	5.2	9,970	5.8	13,160	6.6	10,385	5.1
Transportation, storage, communication and utility	6,525	4.3	7,005	4.1	9,610	4.9	10,255	5.1
Trade	25,210	16.5	28,215	16.5	35,600	18.0	34,700	17.1
FIRE	8,740	5.7	10,460	6.1	12,880	6.5	13,035	6.4
Government	5,425	3.6	5,525	3.2	8,530	4.3	6,675	3.3
Services	39,790	26.1	49,110	28.8	63,130	31.9	70,310	34.6
Total	152,350	100.0	170,615	100.0	198,065	100.0	202,935	100.0

Source: Statistics Canada, various years.

Table 2. % Change in Employment by industry in the Kitchener CMA, Canada and Ontario, 1981-1996

Industry	1981-86			1986-91		
	Canada	Ontario	Kitchener CMA	Canada	Ontario	Kitchener CMA
Primary industry	2.5	-4.5	7.7	0.3	-1.3	18.5
Manufacturing	-3.6	1.3	2.6	-5.1	-11.8	-9.9
Construction	-1.0	11.5	25.1	23.0	28.9	32.0
Transportation, storage, communication and utility	1.8	5.1	7.4	8.5	12.2	37.2
Trade	9.3	12.0	11.9	11.6	12.2	26.2
FIRE	8.6	12.8	19.7	17.3	20.2	23.1
Government	6.7	7.7	1.8	14.7	22.7	54.4
Services	17.6	19.1	23.4	19.9	22.7	28.5
All industry	7.3	10.0	12.0	11.6	11.8	16.1

(Table 2. Cont.)

Industry	1991-96		
	Canada	Ontario	Kitchener CMA
Primary industry	-7.6	-10.4	-11.4
Manufacturing	-2.1	-2.2	5.4
Construction	-11.9	-19.1	-21.1
Transportation, storage, communication and utility	-1.4	-1.3	6.7
Trade	1.9	0.7	-2.5
FIRE	-2.8	-3.5	1.2
Government	-20.1	-26.0	-21.7
Services	10.9	10.3	11.4
All industry	0.7	-0.6	2.5

Source: Statistics Canada.

Table 3. Employment by Occupation in the Kitchener CMA, 1991-96

	1991		1996	
	No.	%	No.	%
Management occupations	18,600	9.4	18,065	8.9
Business, finance and administrative occupations	36,890	18.6	37,950	18.7
Natural and applied sciences and related occupations	9,245	4.7	10,340	5.1
Health occupations	7,130	3.6	7,520	3.7
Occupations in social science, education, government service and religion	13,030	6.6	13,970	6.9
Occupations in art, culture, recreation and sport	4,035	2.0	4,770	2.4
Sales and service occupations	47,045	23.8	48,780	24.0
Trades, transport and equipment operators and related occupations	29,760	15.0	27,640	13.6
Occupations unique to primary industry	3,570	1.8	3,490	1.7
Occupations unique to processing, manufacturing and utilities	28,760	14.5	30,415	15.0
All occupations	198,065	100.0	202,935	100.0

Source: Statistics Canada.

Table 4. % Change in Employment by Occupation in the Kitchener CMA, Canada and Ontario, 1991-96

	Canada	Ontario	Kitchener CMA
Management occupations	-6.8	-6.9	-2.9
Business, finance and administrative occupations	-0.3	-3.2	2.9
Natural and applied sciences and related occupations	6.3	3.2	11.8
Health occupations	2.2	2.3	5.5
Occupations in social science, education, government service and religion	6.3	4.3	7.2
Occupations in art, culture, recreation and sport	14.5	16.0	18.2
Sales and service occupations	7.1	6.9	3.7
Trades, transport and equipment operators and related occupations	-8.2	-11.3	-7.1
Occupations unique to primary industry	-7.3	-8.2	-2.2
Occupations unique to processing, manufacturing and utilities	2.1	1.3	5.8
All occupations	0.7	-0.6	2.5

Source: Statistics Canada.

In addition, the diversity of the region's industrial base should also be noted. As Filion and Rutherford (1996) have shown, the structure of the manufacturing sector in the region is such that no particular industrial category dominates, with only four sectors (electronic and electrical equipment; fabricated metal products; food products; and industrial and commercial machinery) scoring more than 10 percent of total manufacturing employment.

However, it must be noted that particular sectors within Waterloo Region did suffer considerably during the early 1990s recession. Filion and Rutherford note in particular the losses of jobs in leather and leather products industries, textiles, electronic and other electrical equipment, and miscellaneous manufacturing industries, with respective losses of 80, 50, 49, and 45 percent employment between 1989 and 1994 (Filion and Rutherford 1996, p. 244). In addition, the uneven effects of economic restructuring were felt by the higher proportion of job losses experienced by youth and young age cohorts, and by women. As Filion and Rutherford (1996, p. 245) argue, "because Waterloo Region female manufacturing employment was skewed towards sectors adversely affected by the Free Trade Agreement such as leather and leather products and textiles, women were disproportionately hit by manufacturing job losses."

In addition, the process of uneven development within the region has been quite considerable, as the cities of Waterloo and Guelph, cushioned by the presence of the universities, technical and scientific occupations and financial/insurance services (in the case of the City of Waterloo), fared better than the 'blue-collar' communities of Kitchener and Cambridge. Given the spatial division of labour within the region, local policy responses took different forms and require further attention.

Table 5. Major Categories of Industrial Classification in the City of Waterloo, 1998

Industrial Classification	No. of Establishments	% of Total
Prime contracting	48	6.0
Trade contracting	63	7.8
Food manufacturing	11	1.4
Printing and related	24	3.0
Plastics and rubber products manufacturing	15	1.9
Fabricated metal product manufacturing	44	5.5
Machinery manufacturing	15	1.9
Personal and household goods wholesaler-distributors	17	2.1
Building material and supplies wholesale-distributors	17	2.1
Machinery, equipment and supplies wholesaler-distributors	50	6.2
Miscellaneous wholesaler-distributors	21	2.6
Publishing industries	46	5.7
Broadcasting and telecommunications	12	1.5
Credit information	10	1.2
Securities, commodity contracts and other inter-mediation and related activities	38	4.7
Insurance carriers and related activities	48	6.0
Real estate	31	3.8
Professional, scientific and technical services	162	20.1
Administration and support services	29	3.6
Education services	25	3.1
Repair and maintenance	17	2.1
Total No. of Business Establishments in City	806	100

Source: City of Waterloo, Economic Development Department.

Table 6. Major Categories of Industrial Classification in the City of Cambridge, 1997

Industrial Classification	No. of	
	Establishments	% of Total
Food industries manufacturing	12	1.4
Plastic products manufacturing	12	1.4
Textile products manufacturing	12	1.4
Wood industries manufacturing	12	1.4
Furniture and fixture products manufacturing	14	1.7
Printing, publishing and allied manufacturing	26	3.1
Primary metal industries	8	1.0
Stamped, pressed and coated metal products manufacturing	15	1.8
Hardware, tool and cutlery manufacturing	30	3.6
Machine shop industry	60	7.2
Other metal fabricating industries	14	1.7
Other machinery and equipment industry	29	3.5
Motor vehicle parts and accessories manufacturing	16	1.9
Site work industries	10	1.2
Truck and transport industries	18	2.1
<i>Total manufacturing industries</i>	<i>377</i>	<i>44.9</i>
Household goods wholesale	11	1.3
Motor vehicle, parts and accessories wholesale	12	1.4
Metal, hardware, plumbing, heating and building materials wholesale	24	2.9
Industrial machinery, equipment and supplies wholesale	32	3.8
Electrical and electronic machinery, equipment and supplies wholesale	10	1.2
Other products wholesale	16	1.9
<i>Total wholesale trade industries</i>	<i>166</i>	<i>19.7</i>
Repair shops (motor vehicle)	18	2.1
Real estate operators	30	3.6
Advertising services	14	1.7
Architectural, engineering and other scientific technical services	25	3.0
Other business services	35	4.2
Other repair services	18	2.1
<i>Total business service industries</i>	<i>103</i>	<i>12.2</i>
Total number of industrial establishments in city	839	100.0

Source: City of Cambridge, Economic Development Department.

Table 7. Major Categories of Industrial Classification in the City of Kitchener, 1997

Industrial Classification	No. of Establishments	% of Total
Food manufacturing	20	1.5
Plastic products manufacturing	14	1.1
Textile products industries	11	0.8
Clothing industries	16	1.2
Wood industries	21	1.6
Rubber products manufacturing	6	0.5
Furniture and fixture manufacturing	18	1.4
Printing, publishing and allied manufacturing	42	3.2
Fabricated metal products manufacturing	86	6.6
Transportation Equipment manufacturing	13	1.0
Electrical and electronic products industries	18	1.4
Non-metallic mineral products industries	15	1.2
Other manufacturing industries	26	2.0
<i>Total manufacturing industries</i>	<i>333</i>	<i>25.7</i>
Building, developing and general contracting industries	41	3.2
Trade contracting industries	126	9.7
Transportation industries	34	2.6
Communication industries	25	1.9
Food, beverage, drug and tobacco wholesale	16	1.2
Household goods wholesale	20	1.5
Motor vehicle, parts and accessories wholesale	23	1.8
Metals, hardware, plumbing, heating and building materials wholesale	49	3.8
Machinery, equipment, and supplies wholesale	72	5.6
Other products wholesale	36	2.8
<i>Total wholesale industries</i>	<i>223</i>	<i>17.2</i>
Finance and insurance industries	118	9.1
<i>Business service industries</i>	<i>306</i>	<i>23.6</i>
Other service industries	56	4.3
Total number of industrial establishments in city	1295	100.0

Source: City of Waterloo, Economic Development Division.

Table 8. Major Categories of Industrial Classification in the City of Guelph, 1996

Industrial Classification	No. of Establishments	% of Total
Food manufacturing	14	2.0
Plastic products	9	1.3
Wood industries	26	3.7
Printing, publishing and allied products	28	4.0
Fabricated metal products	88	12.6
Machinery (except electrical) manufacturing	30	4.3
Electrical and electronic products	18	2.6
Non-metallic mineral products	10	1.4
Chemical and chemical products	17	2.4
Other manufacturing	17	2.4
Paper and allied products	9	1.3
<i>Total number of manufacturing firms</i>	<i>307</i>	<i>43.9</i>
Construction industries	69	9.9
Transportation and storage industries	16	2.3
<i>Wholesale trade industries</i>	<i>112</i>	<i>16.0</i>
<i>Business service industries</i>	<i>135</i>	<i>19.3</i>
Other service industries	25	3.6
Total number of industrial establishments in city	699	100.0

Source: City of Guelph, Economic Development Division.

Table 9. Leading Employers in the City of Waterloo, 1998

Company	Industrial Classification	No. of Employees
Mutual Group	Insurance and financial industries	2,700
University of Waterloo	Education services	2,700
Manulife financial, Canadian Operations	Insurance and financial industries	2,155
Economical Insurance Group	Insurance and financial industries	1,250
Wilfrid Laurier University	Education services	797
NCR Canada Ltd.	Electrical and electronic products	550
La-Z-Boy Canada Ltd.	Furniture and fixture products	500
Northfield Metal Products Ltd.	Furniture and fixture products	500
Raytheon Canada Ltd.	Electrical and electronic products	400
Equitable Life Insurance Company of Canada	Insurance and financial industries	364

Source: City of Waterloo, Economic Development Department.

Table 10. Leading Industrial Employers in Guelph, 1996

Company	Industrial Classification	No. of Employees
Linamar Corporation	Fabricated metal products; machining	2,558
Polycon Industries	Transportation equipment	800
Imperial Tobacco Division of Imasco Limited	Cigarettes manufacturing	722
W.C. Wood Company Limited	Electrical and electric products manufacturing	700
Better Beef Limited	Food industries	700
Blount Canada Limited	Fabricated metal products	700
Hammond Manufacturing Company Limited	Electrical and electric products manufacturing	660
Engel Canada Inc.	Machining industry	500
Guelph Tool and Die Ltd.	Fabricated metal products; machining	440
Owens-Corning Canada	Primary textiles	425

Source: City of Guelph (1998), Industrial Directory.

Table 11. Leading Industrial Employers in Kitchener, 1997

Company	Industrial Classification	No. of Employees
J.M. Schneider Inc.	Food industry	2,300
Budd Canada Inc.	Transportation equipment manufacturing	1,533
Kaufman Footwear	Rubber products; Leather and allied products	1,400
Custom Trim	Transportation equipment manufacturing	1,335
Uniroyal Goodrich Canada Inc.	Rubber products	1,087
Lear Seating Canada Ltd.	Transportation equipment manufacturing	700
Kuntz Electroplating Inc.	Fabricated metal products	675
Dare Foods Ltd.	Food industry	625
Electrohome Ltd.	Electrical and electronic products; Business services	603
The Arrow Company	Clothing industry	490

Source: City of Kitchener, Economic Development Division.

Table 12. Leading Industrial Employers in Cambridge, 1997

Company	Industrial Classification	No. of Employees
Toyota Motor Manufacturing Canada Inc.	Transportation equipment industry	1,400
Babcock and Wilcox	Fabricated metal products	1,000
Allen-Bradely, Div. Of Rockwell International Canada	Electrical and electronic products	868
Penmans--Subsidiary of John Forsyth Co. Inc.	Clothing products	800
Challenger Motor Freight Inc.	Transportation services	775
ATS Automation Tooling Systems Inc.	Automated manufacturing systems products	750
Canadian General-Tower Limited	Plastic products	700
A.G. Simpson Co. Ltd	Transportation equipment industry	650
Tiger Brand Knitting Company Limited	Clothing products	600
Walker Exhausts	Transportation equipment industry	590

Source: City of Cambridge, Economic Development Department.

2.2. Local Economic Development Policy Since the 1980s

The City of Waterloo

The recession of the early 1990s demonstrated that even the resilient City of Waterloo was not immune from the devastating effects of economic downturns as no less than six large local companies were shut down permanently, among them the Labatt's brewery and the Seagram distillery, laying-off more than 2,000 workers in the process. Despite the claims by officials in the City of Waterloo that the recovery was quick, and that more jobs were subsequently created by sectors belonging to the so-called 'new economy' than had been lost, it is probably questionable whether displaced manufacturing workers have reaped the benefits of such changes in the labour market (Filion and Rutherford 1996; Zeidenberg 1995). However, as tables 4.5. and 4.9. show, by the late 1990s the local economy in Waterloo exhibited considerable diversification, with financial services, and scientific and technical services occupying significant shares of the local economy.

One result of the recession of the early 1990s, however, was that some figures from the local business community began to take renewed interest in the issue of economic governance. The outcome of this interest was greater involvement of the Kitchener-Waterloo Chamber of Commerce and other 'emerging actors' in local governance and economic development issues, leading to an attempt at re-configuring the parameters of public-private relations in the region (see discussion in the next section). Despite of this, the City of Waterloo's local economic development policy remained centred on issues of growth controls and city centre commercial development, and the Economic Development Department remained a relatively low priority within the overall municipal organisational structure (interviews with City of Waterloo officials).

The City of Kitchener

By the mid-1980s Kitchener's shortage of serviced industrial land was identified as a key obstacle in the city's attempt to revitalise its economy and attract inward investment. The availability of land in the nearby cities of Waterloo and Cambridge was of little comfort to city officials, as jurisdictional boundaries meant that the local tax base was going to expand only marginally from industrial expansion elsewhere. In response to that, the centrepiece of Kitchener's economic strategy during that time was the purchase of 400 acres of farmland and its subsequent development as a business park, although this policy produced only marginal results in the context of the early 1980s recession (interviews with economic development officials, City of Kitchener).

The same period of time also marked a significant change in the organisation of economic development activities and public-private relations. Until the early 1980s Economic Development as a municipal function was handled by the Chamber of Commerce, while the city was content in its role as investor in acquisition of land and development of business parks (interviews with economic development officers and former councillors). However, as the effects of the early 1980s recession translated into job losses in manufacturing and an almost complete halting of incoming investment, city officials became increasingly frustrated with the economic development efforts headed by the business community. In 1984, after a period of intense debate about what the appropriate approach to local economic policy, city council decided to regain control over this policy area and established the Economic Development Division within the municipality, despite fierce objections from the Chamber of Commerce. As an Economic Development officer in Kitchener commented, this organisational change also signalled a re-conceptualisation of the nature of local economic intervention:

“[When] the recession hit in the 1980s...it was extremely difficult to do anything. It was then that ED policy was re-oriented towards closer liaison with local companies. We were always involved in business attraction, [but] businesses weren't relocating anymore. Greenfield development was getting scarcer and scarcer. City council became used to judge our economic performance by the number of acres we sold. That stopped with the recession. It took an awful lot of educating to try and get city councils away from using that as a judgement. This is not what we do anymore.”

Throughout the 1980s and the 1990s the revitalisation of Kitchener's ailing downtown continued to present the most pressing planning problem for the city. Such a concern was not new, as the city of Kitchener has had a long tradition of municipal intervention in downtown redevelopment efforts, at least since the urban renewal projects of the 1960s. During the 1990s, downtown redevelopment issues received again the highest priority at the political level, especially under Mayor Richard Christy's term in office from 1994 to 1997. Downtown revitalisation became the primary local election issue in 1994 and mayoral candidate Richard Christy's platform concentrated on a wide range of measures which he would implement during his tenure in office, including a campaign to support downtown business, and efforts to bring people to the city centre for a variety of cultural events, and to increase the supply of housing and improve the physical environment.

The climax of downtown as a political and governance issue came in 1995 with the establishment of the Downtown Task Force and Downtown Development Team in City Hall. In the first instance, this represented an effort to establish a public-private partnership between City Hall and the Kitchener Downtown Business Association (KDBA) in order to oversee the implementation of a strategic action plan designed to attract more people and business to the downtown, and improve its physical environment (City of Kitchener 1995). The redevelopment of the core proved a challenging task given contemporary trends of dispersal, which are perhaps expressed most saliently in the mushrooming of suburban regional shopping centres in the region (Bunting 1996).

While some modest improvement in the economic vitality of downtown has been registered since the mid-1990s, in 1997 downtown's share of regional retail activity accounted for only 10%. Retail vacancies continue to hover around 11% and office vacancies are even higher at 20%. The number of vacant sites in the downtown area, according to the city's own estimates, is just under 50, and the number of vacant buildings was 38 by the end of 1997.

Despite the obvious limitations on local initiatives when the process of urban development is driven by forces which are outside of municipal control, what needs emphasising here is that downtown regeneration efforts have not only demonstrated the commitment of city council to the city's core, but in important ways also alluded to the city's approach towards regional economic development issues. The point that should be made in this context is that downtown regeneration has been seen as a tool to protect the identity of the city. Therefore, redevelopment efforts have demonstrated the long-term traditional commitment of city council to an intra-city rather than regional development agenda, and to the creation of a purpose-specific and territorially-constrained public-private partnership, but also to the development of Kitchener's identity as the commercial centre of the region. As a senior official remarked:

“In Kitchener we're the centre of the region. Our downtown is the hub of entertainment. It's a reflection on the economic prosperity of *our city* to have a strong downtown. From an economic development perspective we have to have a strong downtown.”

And as an economic development officer commented:

“I would love to have the same commitment to industrial-commercial development as there is in the downtown, because what happened was that everybody became focused on “we've got to help the downtown, we've got to offer incentives.” City staff has to make sure that there are no road blocks to downtown development, so suddenly you get a committed culture in city hall of staff people who are all working to achieve something...Well, *we're* [the

Economic Development Department] left out there trying to do things, and nobody's helping *us*.”

The debate over economic development priorities has also demonstrated another dilemma with respect to local government organisation. The Economic Development Department in Kitchener, like its many of its counterparts in the province, occupies an eccentric position in City Hall. In the first instance, the policy capacity of the Department is relatively weak as it contributes input to other departments' activities rather than developing an 'economic strategy' per-se. Secondly, the approach towards economic development held by city council tends to be problematic in a sense that although 'economic development' is often declared to be important there is recognition that there are limits to local initiatives and their effectiveness. Such limits are derived from the somewhat dependent nature of urban political economy and are not unique to Kitchener. Thirdly, and this again seems to characterise the problematic position of Economic Development officers in general, economic development officials find themselves as liaison persons, having to somehow intercede between local government and the business community. Such a positioning often results in tensions between the Economic Development Department and other units of local government. Often, such tensions revolve around issues of regulation, development approvals and 'red tape', which the business community tends to see as cumbersome and heavy-handed. This existence of Economic Development in a 'shadowy' area within local government organisation is reflected by the following comments from economic development officers in Kitchener:

“There's not much policy [that is being done here]...The Economic Development Division is not a policy setting organisation. We become involved in policies that are set by others because we bring 'business attitude' towards things. If the Planning Department is working on a project and it doesn't make sense from the point of view of business we will say: "why are you doing this"? I would say that we are the voice of business in City Hall. We are not 'bureaucratic'; there's no legislation on Economic Development” (Economic Development Officer 1).

“In the first place, nobody understands what we do because they can’t see it written down. We react to the economic situation, so what we do this year might be different from what we do next year. And it’s hard for people to understand that. So Economic Development has never really gained total acceptance as being a profession because it’s not legislated, because you don’t have to have Economic Development, and because there’s no bible that says we have to do this and we have to do that. And every department knows that we’re only here because we’re perceived to make a difference, but there’s a lot of question marks out there” (Economic Development Officer 2).

“I guarantee you, if you go around city staff and ask “do you know what Economic Development does?” they’ll say “I think they sell land down there”...They just don’t know, no matter how much we try to educate them” (Economic Development Officer 3).

Thus, in Kitchener, the position of the Economic Development function in the 1980s and the 1990s has remained problematic with respect to its role within the overall structure of local government, its relationship with other municipal departments and city council, and its position in the wider Canada’s Technology Triangle context.

The City of Cambridge

Diversification has been the keystone of industrial policy in Cambridge during the 1990s. The recession of the early 1980s, which saw unemployment levels of 15 percent and higher, served as an important lesson for policy-makers who became increasingly concerned with the dependence of the city on traditional, foreign-owned manufacturing. The new commitment to local economic development, undoubtedly motivated by the recession, found its expression in significant increases in staffing budget allocation towards the Economic Development Department in the early 1980s, and in a council resolution in 1983 to make the attraction of industry and jobs the city’s first priority. From a policy stand-point, however, such a renewed priority found its expression primarily in a more aggressive marketing campaign, but also in attempts to establish a new partnership with the city’s business community. The initiative for partnership came

from the city's professional staff, and its main goals was to think of ways to improve Cambridge's image outside the region, as well as to find more flexible policy frameworks for redevelopment.

During the early 1980s, in the wake of the recession, but not solely because of it, issues of suburban and fringe development versus urban cores regeneration continued to take a prominent position within the politics of urban planning in Cambridge. Following the Toyota bid made by Cambridge, which required amendments to the official plan in order to accommodate the company's requirements, a proposal by the development firm Fidra to build a \$70 million complex with shopping, hotel and convention facilities on the city's edges between highway 401 and Pinebush Road, stirred significant controversy in city council. The development of the property, estimated to be one of the most valuable pieces of city-owned land because of its location, was aimed to provide office space for financial and other service sector firms, which preferred a suburban location for particular functions.

The debate in city council following the development proposal reflected a long tradition of concern toward the declining economic health of the city's three urban cores, and pitted a group of pro-downtown(s) coalition against the proposed plan. The context of recession, however, meant that city administration felt the need to react rapidly to such development proposals. Such a need for urgency, in a context of recession and weak real estate market, has been demonstrated several times throughout the early 1980s when a few commercial development and redevelopment prospects fell through. This was compounded by a wave of plant closures throughout the city and its industrial complexes, as was demonstrated by the shut-down of the Joy Manufacturing Company. With its 300 employees, the firm was, along with Dresser Industries, Babcock and Wilcox, and the city's auto-part suppliers, one of Cambridge's traditional 'heavy' industries. Its main

production line focused on mining equipment, which made it vulnerable to the declining demand for Canadian ores since the late 1970s. Beyond the acute problems of rising unemployment, the abandoned plant site posed further challenge to the city in terms of regeneration.

In addition, one of the more visible of redevelopment failures occurred in early 1984, when a plan for a 60,000 square metre regional mall which was to be developed by the Toronto development firm Bramalea had to be abandoned because of weak demand for retail space. This, as well as other redevelopment failures, combined to create pressure on city council to amend its zoning by-laws in order to create a more flexible planning environment, and place greater emphasis on diversifying the local economy. In reality, the emerging diversification ‘strategy’ in Cambridge amounted to little in terms of policy innovation, as it relied heavily on inward investment promotion, based on Cambridge’s particular asset: the availability (and municipal ownership) of large tracts of land for development.

The arrival of Toyota in 1984 played, of course, a crucial role in the city’s economic recovery from the recession of the early 1980s, not only in terms of direct employment, but also in linking Cambridge to a production network that extends spatially much beyond the boundaries of the city.

Toyota’s arrival also meant that local economic policy was re-shaped to take advantage of the city’s new position in an emerging spatial division of labour as a location for automotive parts manufacturers and advanced technology industries. As the mayor of Cambridge has put it:

“We’ve been in a different position than some of the other localities...because we own a lot of industrial property, and we’ve been able to really promote [firms] moving into Cambridge and the sale of our land. But what has happened since Toyota came here...we’re certainly now are looking for industries that are car-related...but we’re also very much involved with small industry, so we’re encouraging that kind of industry here, because I don’t think there’ll be too many

more Toyotas or Babcocks. I guess if there is a weakness it appears to be more of a reliance on the car industry, and we're certainly concerned that we don't become totally reliant on the car industry."

The role of Economic Development within the overall structure of local government in Cambridge changed again in 1997 when the Economic Development Unit became directly accountable to city's Chief Administrator and the Mayor's Office. The impetus for the restructuring was the sinking realisation of the budget reductions, following the provincial government's cutbacks in financial transfers to municipalities. The change was a part of a larger restructuring of local government in which 45 employees were laid-off. Perhaps as importantly, the organisational change was coupled by an attitude change towards local economic development. The more direct involvement of the city's CAO and the Mayor in Economic Development was one result of this reorganisation.

"There's no question in my mind that Economic Development has become more important from the perspective of city council. I ran on an election campaign that talked about economic development. It has taken a much more lead role than it might have in the past" (Mayor, City of Cambridge).

Relating to institutional development, City Council sought to involve the private sector more directly in economic development policy-making, primarily through attempting to mobilise the local chamber of commerce. As a City Council member commented: "I think we've been much more aggressive in looking for people with business background to participate in our Economic Development Committee."

However, despite the traditional role of the Cambridge Chamber of Commerce as 'the voice of business' in the community, one could hardly speak, in Cambridge's case, of a visible and influential 'growth coalition' or a working public-private partnership. Instead, city council has remained quite influential in economic planning, while private sector involvement has tended to remain rather weak, characterised by an issue-by-issue and *ad hoc* patterns of interaction with the public sector. In explaining this form of

politics and policy-making, it would seem reasonable to suggest that the particular history of this relatively young political entity may have had important implications on local politics. Briefly, the incorporation of Cambridge out of three ‘independent’ communities may have contributed to the fragmentation of business interests and their representation. In particular, whereas traditionally business coalitions based around downtown areas have tended to be rather influential in North American cities (Cummings 1988), Cambridge has inherited a geographic split into three older city centres, thus making the coherent organisation of business interests difficult. As a prominent and long-standing member of the Cambridge business community has commented:

“Even though we’re a city of 102,000 [people] we still think very much like a small town. We think much like Galt, Preston and Hespeler, and there’s always squabbling that way. We probably are divided more geographically than we are on whether you’re left-wing or right-wing.”

And as another local business owner commented:

“It’s probably taken us 25 years to get to the point where [we feel] that we are Cambridge, and now we’re trying to defend ourselves against ‘big-bad Kitchener’ or the regional government.”

In addition, class politics played an important role in the relatively weak representation of business interests in Cambridge’s city council, as the composition of council tended to tilt towards labour interests given the ‘blue collar’ nature of the community. In recent years, however, some signs point to a different direction, as the economic structure of the city gradually shifts towards non-unionised service employment and non-unionised manufacturing (such as the local Toyota plant), and as the reality of fiscal conservatism filters into the local level. As the Mayor of Cambridge explained:

“For a period of time the chamber of commerce was not even represented on different city committees, and the former mayor felt very strongly about that. I let it go for a few years after I became mayor but realised that we were missing something on our committee system. [When you have business people] you’re working with people who are working in industry and they have a knowledge that politicians may not have of expertise that’s out there. We’ve also made a point of

trying to attract people who are in business to our Economic Development Advisory Committee.” (Cambridge City Council member)

A significant episode in local politics and policy-making came about with the formulation of the Strategic Plan for Cambridge in 1994, which as well as charting the vision for the city’s future development, served a political purpose of creating a closer coalition between city council and potential partners in the community:

“The Strategic Plan was an explicit attempt by the city to get off the partnership table. I think that was really more of a confirming move than a new or initiating move because formally and informally we deal with most of the partners every day. But I think it did help to bring the entire community to coalesce around some common goals. I think from that point of view it was a good exercise” (Senior official, City of Cambridge).

Despite these efforts, however, patterns of private sector involvement in economic governance in Cambridge have remained rather restricted and confined to the traditional role of the chamber of commerce as an advocacy group, involving presentations to city hall, especially during budget deliberations. Most of this activity has tended to focus rather narrowly on taxation issues where that chamber has continuously advocated a low tax regime to support the viability of local businesses. Beyond this, however, the characterisation of the local form of government-business relations would probably best fit a weak, tentative, and often reactive mode. As the general manager of the Chamber of Commerce commented:

“We host a kind of informal meeting with council about once a year, when we get together...and talk about some of the issues very informally, [but]...it’s one of those things where it’s always nice to say you want to work in partnership, and that’s the buzz-word, you know, ‘Strategic Alliances,’ ‘Partnerships’ or whatever you want to call it, but you never give up your own little territory.”

And as another member of the business community remarked, the organisational and institutional capacities of the private sector at the local level are in fact quite limited, and do not lend themselves easily to a strong public-private partnership:

“There is a big difference between the Canadian chambers of commerce and their American counterparts. In the US they’re run much more like development corporations; very much involved in economic development, which is unlike here. We don’t have that expertise right now.”

Certainly, therefore, it is hard to speak, in Cambridge’s case, of an identifiable and strong ‘growth coalition.’ Local government has remained influential, and indeed the key actor, in local economic policy-making, primarily through its control of land—an asset which Cambridge city council has been very reluctant to relinquish—but also through recognition that local government retains the highest level of democratic legitimacy when it comes to representation of local interests. As a senior official at the City of Cambridge argued:

“At this level of government I’m not sure how many bodies there are that can hold the view that they represent all people and all interests other than a municipality. It’s as simple as that. I think municipalities understand that they can’t control all aspects of their community, but I still find that there’s a lot of leadership coming from city council.”

The City of Guelph

In Guelph, industrial diversity and the presence of the University of Guelph have worked to shield the city, in relative terms, from economic shocks, and thus the city fared rather well throughout the early 1980s and early 1990s recession. Although the City of Guelph’s employment patterns follow generally the national pattern of increasing reliance on services (capturing 68% of total employment in the City in 1995), by the mid-1990s employment in Guelph from non-commercial service industries was higher than the provincial average (28% compared to 22% provincially) because of the presence of the university and three hospitals located within the city. Employment in manufacturing remained significant in the early 1990s, at 24% of total employment, higher than the provincial average of 18% (City of Guelph, Economic Development Department 1994). However, as the economic development strategy of the city recognised,

“The restructuring of the industrial sector along with the overall recession in the early 1990s resulted in significant decline and loss of industrial jobs in the City. The net creation of jobs has continued to improve in the past several years, but at a slower rate than the late 1980s” (City of Guelph 1994).

Recognising the challenges that economic restructuring, pressures for growth and fiscal tightness and downloading posed for local government, the City of Guelph developed its first ever Corporate Strategic Plan in 1993 in order to guide its future direction.

Involving broad consultations with different stakeholders in the community, the Plan identified several key areas of concern, which would form the municipality’s approach to urban development policy and service provision. Although economic development was only a part of the Strategic Plan, it nonetheless occupied a central area of concern for the local authority not least because the Plan sought to create an integrated approach to urban management in which economic development goals would be connected strongly to population and demographic trends, environmental concerns, changes in the workplace, urban spatial structure, community development and services provision. As the Director of the Economic Development Department commented about the need to develop local economic policy:

“It was critical that we try to take a look and refine some of the things that we were doing. I guess there were some areas that we felt we needed to put some emphasis on...areas where we thought we did have some threats and opportunities, and that included areas such as small business development, which we felt was critical for our future economic success because most of the new jobs in the new economy come from the small business sector, and it was felt that this department needed to do more with respect to that aspect. It was a change of aspect, and a feeling that we needed to diversify away from our traditional industrial manufacturing base. We were running very short of industrial land, for not only attraction of new investment, but more importantly to provide sufficient support for existing industry. We annexed during 1993 some 4,300 acres of land. That’s our future, and we needed to develop a plan of how to handle that in a context of a new economy. So it was a lot of things coming together around that period.”

In particular, three issues have shaped the direction of local economic policy in Guelph in the 1990s. First, environmental concerns and the need for orderly and controlled growth were emphasised, especially as the City's population increased by more than 15,000 since the early 1980s and as most of the growth had been suburban in nature. Policies to address these concerns included measures to protect both the natural environment and the physical environment of the city through the designation of environmentally sensitive areas, intensification and architectural preservation.

The second issue addressed by economic policy was the perception by policy-makers of the nature of contemporary economic and business trends. In particular, it was noted by city officials that Guelph had attracted and maintained a strong economic base predicated upon four industrial sectors: electrical products, machinery and metal products, food and beverage, and chemical and chemical products. In addition, most recent investment suggests a trend towards leading-edge sectors, including information, environmental, biotechnological and materials technology (City of Guelph 1993, p. 6). The economic fortunes of Guelph were thus understood to reflect a combination of factors. These included the competitiveness of the city's industrial sectors within an increasingly global market; the potential growth opportunities related to Guelph's role as an "edge community in proximity to the Greater Toronto Area" (City of Guelph 1993 p. 7); the potential of the city to serve as location for new corporate offices and service sector industries; and the regeneration of downtown as a strong commercial, social, cultural and civic core for the city .

Particular emphasis has been put in recent years by the City's economic policy on stronger partnership with the University of Guelph, with specific reference to the biotechnology sector. Recognising the relative advantage of the university in biotechnology and agro-sciences related research, local policy has sought to encourage

the enhancement of technology based business, and the commercialisation of research from the university's laboratories.

In addition, more emphasis on business retention and support for small businesses has been placed by local policy in partnership with the local Chamber of Commerce. The key tool in that regard has been the setting-up of an 'enterprise centre' for small business start-ups, which included access to information, mentoring, training programmes and preparation of business development plans for local entrepreneurs.

A third direction of local economic policy in Guelph has been the attempt to balance between suburban business development and a growing community-wide concern for the City's ailing downtown. Thus, while recognising that "technology-based companies will put increasing pressure on the municipality to provide appropriate sites with highway frontage, particularly in the south end of Guelph and Highway 401", local policy also emphasised that "we will also pursue new opportunities to improve, enhance and revitalise the downtown" (City of Guelph 1993, p. 7). The success of these efforts to balance urban-fringe growth with core regeneration may prove, of course, elusive. Indeed, despite growing civic concerns for the economic and social health of the city's core, and substantial allocation of municipal resources towards downtown redevelopment in terms of planning and administrative efforts, the economic position of downtown has improved only modestly. In addition, despite the Strategic Plan's ambition to address 'competing pressures', political controversy over downtown demonstrated that it may be difficult, to mobilise the appropriate resources required to bring about substantial turnaround in downtown's fortunes. As a senior official in the City commented during an interview:

"In the last year we had 'big box' [retail] wars, one in the north end and one in the south end, and that woke up a lot of people to what was happening downtown, and how does downtown fit in an era of big box and big stores going into these shopping centres. Council turned both of these [development] proposals down,

which was quite a remarkable thing. They just said that we should concentrate our efforts on the revitalisation downtown.”

But as a senior planner remarked, coalescence around downtown regeneration has been hard to come by:

“We’ve had a lot of suburban growth in the last 20 years, and there is a lot of editorials, a lot of disgruntlement about ‘let the downtown die.’ The private sector just goes “who cares, let’s concentrate our efforts in the suburban centres.” So you have this kind of sentiment.”

Despite these difficulties, the local state in Guelph assumed a leadership role in efforts to encourage downtown regeneration, to a significant extent in direct opposition to the view of the business community and the development industry in particular. In its working, the city has assimilated a coalition of downtown-based interests, local elected officials and professional city staff, a few personalities from the university community, and several business and civic leaders who saw downtown redevelopment as important for the city’s civic pride. The latter group came to be known as “Friends of Guelph”, and constituted a particularly significant pressure groups vis-à-vis city council with regards to local boosterism, civic image and downtown affairs. Interestingly, the perception fuelling this process of local coalition building has been at least partially predicated upon recognition of inter-urban competition for investment within the CTT region. As one member of the “Friends of Guelph” Group argued:

“There is...a regional context of both the big box stores in Kitchener—the Gate Drive area—and one near the [Highway] 401, a massive commercial development, as well as in Cambridge on highway 24, and a number of other centres. So you do get into the debates about “store wars” between municipalities.”

What is most relevant to the subject of this thesis, however, beyond the obvious significance of this form of politics and policy in Guelph, is that like in Waterloo, Kitchener, and Cambridge the local state has remained the central actor in local

governance issues, leading policy initiatives and actively perusing civic participation in policy formation. This pattern of local politics militates against some American conceptualisations of the local state as a captive of big business interests (Logan and Molotch 1987; but see Kantor and Savitch, 1993, for a critique). In the CTT region local government has remained influential in building legitimacy around particular development agendas, and has remained an important vehicle for preserving local identities.

Importantly, local state initiative in local economic policy has contributed to the creation of a 'soft' institutional tissue that contributes to the creation of particular 'stories' about the economic assets of the locality, which authors such as Sabel (1993) argue are important in building an 'imagined community', and influencing actions and expectations. Consider, for example, the following comment from an Economic Development officer in Guelph:

“We want to try and raise the profile of quality throughout the entire community. If we can get this as a 'total quality community' we can strengthen the companies that are already here, and strengthen the community as a whole when we go out and market this community. We have approached the Chamber of Commerce and the downtown board, and some of the other organisations in town to see if they would be interested in co-operating and partnering in the quality profile of the City of Guelph. We did it in various categories, we've identified companies, we have qualified people adjudicating it in terms of quality management, and it was very successful. People are talking quality now.”

While I do not wish to over-estimate the impact that such discourses may have on the actual economic 'success' of a locality, I would suggest that such 'visioning' leadership on part of local public officials may be important in providing and solidifying a sense of community civic pride predicated upon particular images of economic practices.

Secondly, and again quite similar to the situation in the other cities of the CTT region, local state efforts in Guelph, in the form of leading development policy, and the relationship it has established with community groups, have been directed to intra-city

rather than inter-city economic issues. So despite the rhetoric of regional co-operation in economic governance, local issues continued to dominate the development policy agenda of respective city councils, while ‘regionalism’ remained a relatively marginal, and a rather fractured and fragile undertaking. The next section traces the gradual and contested process of re-scaling economic governance in the CTT.

2.3. Institutional Change and the Remaking of Scale in Economic Governance

The evolution of Canada’s Technology Triangle (CTT) as an institution began in 1987 when the economic development officers of the cities of Cambridge, Guelph, Kitchener and Waterloo, who had been competing individually for investment, decided to collaborate on selective areas of economic development policy-making, and thus provide some institutional underpinning for stronger networking relations throughout the region. Recognising the dynamic economic nature of the region, the CTT initiative sought to capitalise on three pillars of economic strength that by the late 1980s became apparent (interview with a local economic development officer): the first pillar was the presence of a diversified manufacturing sector with particular strengths in automotive parts and vehicle production, fabricated metal, communication and tele-communication, electrical machinery, food manufacturing and garment textiles (see tables 4.5.-4.12.). The second economic pillar was the very strong presence of a financial services sector in the region, and in particular, (as discussed in previous sections) the presence of several major life insurance companies in Waterloo, as well as a host of smaller general insurance companies. Thirdly, the recognition that the region’s universities and community college provide a unique regional advantage has led public officials to express their desire to create a stronger network between academic institutions, firms, training initiatives and local government. In particular, the University of Waterloo’s traditional strength in the

technology-oriented disciplines and its rather permissive approach towards the commercialisation of fledgling technology; Wilfrid Laurier University's growing strength in business management programmes; and the University of Guelph's emphasis on agri-sciences and bio-technology were increasingly seen as providing a unique comparative advantage to the region. It was thus hoped that the CTT could foster the creation of a networking environment which is said to lie at the heart of successful regions (Cooke and Morgan 1993; Cooke and Morgan 1995; Florida 1995).

The decision to create an institutional framework for inter-city collaboration was at the time approved by the four city councils, thus lending formality to a process of collaboration which at the context of its time could be seen as innovative. The episode also demonstrated the role of non-elected public officials, in this case Economic Development officers, as policy innovators, and, to some extent, as place-based political entrepreneurs, which according to some authors (Horan 1991; Kantor 1993; Stone 1989;) could be instrumental in shaping the fortunes of localities. This initiative also militates against the notion of 'privatism' which a number of writers have used to characterise contemporary urban politics (Barnekov 1989; Harding 1994). In a Canadian context, for example, Leo (1994) has described the subordination of the local state to private interests in Edmonton. However, evidence from the CTT region demonstrates that local government remains influential in several policy arenas, among them local economic development. Furthermore, in the case of the CTT one could talk about local government as an entrepreneur to the extent that the CTT, as a collaborative inter-city institutional formation, represents an important policy innovation. Thus, a more sophisticated analysis of urban politics in Canada is needed if one is to take account and make sense of the rich diversity of local political forms which Canadian localities exhibit (cf. Magnusson 1985).

Importantly, however, the CTT initiative has remained quite limited in its apparatus. Rather than enabling the four cities of the region to truly establish a regional framework for economic governance and regulation, the collaborative efforts remained rather restrictive and were confined to joint marketing initiatives. As one economic development officer explains, “It was designed as an initiative to complement rather than replace existing initiatives.”

Despite representing an opportunity to enhance collaboration in the region the CTT has thus remained a rather limited institutional structure, confined as it were to areas of collective promotion and marketing. This demonstrates the difficulty of ‘jumping scales’ from the local to the regional with respect to meaningful economic collaboration, the formation of a ‘regional agenda’, and the establishment a coherent regional development strategy. In explaining this pattern of ‘ruptured regionalism’ the notion of local autonomy, and the particular historical-political geography of the region, are central. As discussed in the previous sections, the historical development of ‘four solitudes’—the cities of Guelph, Cambridge, Kitchener, and Waterloo—and the continued efforts of the respective local states to maintain their autonomy, militate against a regional scale of governance.

This is not to adopt, of course, a historically deterministic position. What needs to be recognised, however, is that the historical and specific contingencies of place, when juxtaposed with processes operating at various spatial scales create particular trajectories of institutional and political development. Thus, the realities of economic restructuring, the recognition that firms, especially those in the advanced technology sector, are increasingly connected to global networks of production, and the reduction in financial support from higher levels of government, have indeed combined to create pressures towards re-scaling economic governance. This has been especially evident in the

emergence of private sector actors, and their attempt to establish a new regulatory fix, or a pro-active ‘regional armature’ in Lipietz’s (1994) terminology, at the regional level of the CTT. The point is, however, that these emerging forces, which have used a ‘globalisation’ discourse to advance their cause, have had to contend with the historical, cultural and political specificities of the localities involved in the process.

The resentment towards regionalization has been especially entrenched in a city such as Cambridge, which was created in 1973 and then found itself a part of an even larger structure of regional governance. The involvement of the Regional Government of Waterloo (RMOW) in economic development policy-making has thus always been problematic, probably as a result of this history and the lack of strict guidelines from the provincial government. Consider, for example, the following remarks made by the mayor of Cambridge:

“The role that the regional government played [in economic development] was sort of ‘hands-off,’ mostly because we told them ‘keep your hands off!’ Particularly in Cambridge, where we have probably over 300 acres of industrial land, we were concerned that they would like to take on our economic development [function]. I recognise that it sounds, in a sense, selfish, but our feeling was that we had over the years lands that had been developed when it was Galt, and it worked out very well for us. Being adjacent to Highway 401 means that we’re on the ‘Main Street’ of Ontario, and to give-up that [Economic Development] role...we just couldn’t see it.”

And as a Cambridge City Council member remarked:

“No question that the loss of specific names of the municipalities of Preston, Hespeler and Galt has cost us in terms of identity...and at the same time regional government was put on...So there’s this feeling that we’ve already lost our name...”

Despite the limited functional apparatus of the CTT, the fact that some formal institutional structure for collaboration had been cultivated was thought of as innovative, and it enjoyed some limited success, not least because of its ability to raise the profile of

the region as a whole in a context of intensifying inter-regional competition for investment:

“For ten years the CTT has been fairly successful in raising awareness of this area as a growth area, and a number of spin-off initiatives and organisations have been created out of the CTT, such as the Plastic and Wire Consortium which has been very successful in creating technology; investment delegations were hosted by the CTT; and we began to get a very strong reputation outside of the area as a very dynamic growth area” (Economic Development officer).

And as another economic development officer recalled, changing the image of the region in the eyes of outside investors and other city-regions was perceived to be crucially important to economic success:

“A lot of people in 1987 were quite taken aback by the fact that we coined the term ‘Canada’s Technology Triangle’ because their perception was that we were not a ‘technology triangle’, and that we were in fact a very conservative, strong middle-class community based on manufacturing; we were a manufacturing town! This area was part of the manufacturing heartland of Canada, and it was hardly the hotbed of technologies. I think that what we have done is raise the awareness to some degree that this is a technology hotbed, that there is a fairly robust engine of technology growth and innovation in this area, and in fact if we start comparing economic statistics we see that all the potential is there to grow this area as a technology growth area.”

Beyond that, however, the process of re-casting economic governance in the CTT, and developing the institutional infrastructure for a ‘networked’ region, was markedly slow, as different actors found it hard to coalesce around common goals, and define the appropriate scale of governance. A first important step, since the formal formation of the CTT, towards re-scaling economic governance in the Waterloo Region was taken during the recession of the early 1990s. The key actor in this attempt was the Regional Municipality of Waterloo (RMOW), under the leadership of Regional Chairperson, Mr. Ken Seiling.

Indeed, the recession of the early 1990s had severe effects on the Waterloo Region. Between 1989 and 1992, it was estimated that more than 4,500 jobs disappeared

in the region (Regional Municipality of Waterloo 1992a, p. 7), and Statistics Canada data revealed catalytic increase in regional unemployment rates from 6.7% in September 1990 to over 15% by March 1991. In addition, most of the job losses were judged to be structural rather than cyclical, as local manufacturing firms in the rubber, plastics, textiles, wood and auto equipment industries (such as Uniroyal, Bundy, Artex, Cambrian Footwear, Kanmet and others) either announced plant closures or permanent layoffs. In addition, some of the region's leading manufacturing employers contracted employment in a significant way. For example, Electrohome, which employed more than 3,000 workers before the recession laid-off more than 2,000 employees, while Budd nearly halved its labour force of over 3,000 to 1,600 workers.

The recession also had uneven effects within the region. In Cambridge, between 1990 and 1991 33% of job losses were judged to be indefinite, 5% were permanent layoffs, and 20% were accounted for by plant closures. In Kitchener, 42% of job losses were indefinite, 21% were due to plant closures, and 10% were permanent layoffs. In the City of Waterloo 32% of jobs losses were indefinite, 5% were permanent, and 62% were caused by closures. Moreover, social problems mounted and by the early 1990s there were more than 15,000 recipients of unemployment insurance and welfare support in the region, while it was also noted that structural long-term trends such as the growth of part-time work from 4% of the labour force in the early 1950s to nearly 16% in the early 1990s have increased gender inequality in the region, as well as throughout the country (Regional Municipality of Waterloo 1992a, p. 29).

Given such grim economic circumstances, RMOW under the leadership of Ken Seiling established a task force in order to assess the state of the regional economy, analyse future trends and their possible effects on the region, identify the concerns of local businesses vis-à-vis other levels of government, and (importantly) establish regional

economic policy capacity, as the Regional Chair argued that “the impact of the economic changes within the Regional economy have not been viewed on a regional basis, and the true impact of what has been occurring is less fully appreciated when viewed as separate bits of information” (RMOW 1992b, p.2).

The Task Force was thus an opportunity for RMOW to develop a coalition of interests in partnership with prominent members of the business community, around a *regional* vision for economic governance. While acknowledging the importance of economic development as a function of the lower tier municipalities in the Region, Mr. Seiling clearly hoped to seize the opportunity to re-establish RMOW as an active player in economic governance, as part of a wider political project aimed at strengthening the role of the regional government vis-à-vis the lower-tier municipalities (interview with Ken Seiling and members of the Task Force, 1997 and 1998).

Clearly, the Task Force was well aware of the hitherto weak role of RMOW in economic development:

“The Task Force recognised very clearly that Regional Government is not the major government body affecting the local economy...[and] it has precious little manoeuvring capacity...The Region is not even in the ‘economic development business’” (RMOW 1992a, p. 1).

Given this recognition and the political history of the Region, the task of establishing regional capacity for economic governance was formidable from the outset.

Nevertheless, the Task Force did identify areas in which the Region could be proactive in economic matters and “show leadership in the Region and in the Province” (RMOW 1992a, p. 1). Indeed, one of the key recommendation of the Task Force was a strong call for Regional involvement in economic initiatives in the form of a new ‘Waterloo Region Economic Development Corporation’, which would be a non-for profit institution designed to bring together the key stakeholders in the community, including local and

regional government representatives, the chambers of commerce, private businesses and labour organisations. Indeed, such an institution were to provide an unprecedented forum—in the context of the region’s traditional lack of multi stakeholders co-operative frameworks—for collaborative and associative form of regional economic governance. Such a structure could have indeed contributed to the establishment of an ‘industrial regulatory milieu’, as the Task Force envisioned its central role in several key areas of regulation, including:

- The development of business linkages and industrial groupings.
- Support new business start-ups.
- Absorb, rationalise and expand on the original initiatives of the CTT.
- Create strong “and progressive” linkages between the new institution and the universities.
- And create a “permanent forum in which business, labour, government and the academic community can continue to meet and work out co-operative and useful understandings and relationships” (ROMW 1992a, pp. 69-70).

The practical implementation of this vision would have resonated rather well with the emergence of a new regional ‘mode of regulation.’ It would have been based on seemingly associational principles designed to support a particular accumulation regime, based on industrial reflexivity and cutting-edge technological competitiveness. However, the reality was not quite so promising. As one Task Force member was quick to acknowledge in an interview, “the reliance of our vision on voluntary forms of collaboration by different interest [groups] in the Region meant it was never going to be implemented.” Indeed, the Task Force report itself bore some pessimistic outlook on the prospects for collaborative governance, when it acknowledged that “the rate of

antagonistic confrontation [between stakeholders] seems to be increasing,...and there appear to be turf wars going on in the municipalities, with business caught in the cross-fire” (RMOW 1992a, pp. 21-22). Consequently, it was recognised that:

“The economic zone in which the Region is located has the potential for co-ordinated and co-operative economic development, and many have stated that would be logical, progressive and desirable. It would also be complex, take years to develop, and require a degree of intra-Regional co-operation which has yet to be demonstrated” (RMOW 1992a, p. 68).

It did not come as a major shock, therefore, that despite some considerable initial excitement, especially on behalf of RMOW officials, the Task Force’s recommendations to re-configure the parameters of economic governance were never implemented. This was due primarily to the (predictable and vocal) objections of individual city councils, as well as to the atmosphere of suspicion between the private sector and government revolving around the business community’s perception of an anti-business climate induced by the NDP-led provincial government at the time. Such factors did not bode well in providing a constructive atmosphere for associative regional economic governance.

The politics of institutional change in the CTT arrived at a second important stage in the mid-1990s with the re-appearance of traditional business interests, represented by the Kitchener-Waterloo Chamber of Commerce (KWCC) and the Conservative Business Association (CBA) of the Kitchener-Waterloo, on the political map of the Region. KWCC suffered a long period of decline in status and influence over the local political agenda following its removal by Kitchener City Council from managing the Economic Development Board of the City in 1984. Given the local government restructuring agenda introduced by the Conservative provincial government in the mid-1990s in the form of Bill 26, however, both the KWCC and the CBA have sought to re-establish their influential position in local governance by undertaking two inter-related initiatives.

Firstly, during 1995 and 1996 the CBA, in partnership with KWCC and the Cambridge Chamber of Commerce, hired the consultant firm KPMG to conduct a review of governance in the Region of Waterloo. Viewing funding reductions by higher levels of government as the main threat to the operation of local government, the CBA has argued that:

“New ways of thinking and acting should be developed by municipal governments...[and that] the multiplicity of regional and local government within Waterloo Region has resulted in numerous examples of duplicated, overlapping and/or inefficient delivery of government services” (CBA 1996, pp. 1-2).

Such a view was not unexpected given the long-standing concern of traditional business interests throughout the province with overlapping government jurisdictions, and the widespread belief of local chambers of commerce that local government rationalization would inevitably result in reduced tax burden for private enterprise. It was felt therefore by the CBA and the KWCC that the timing was right to press for local government restructuring, and possibly amalgamation, within the Waterloo Region, in the hope that local and provincial policy-makers would be responsive to proposals based on discourses of ‘efficiency, rationalization, streamlining and fiscal responsibility.’

In the end, however, the CBA report did not recommend the outright amalgamation of the Region into one-tier municipality, knowing that this would have generated considerable degree of local opposition, but suggested instead the rationalization of services delivery in a rather vague way, clearer divisions of responsibilities between the upper and lower tier structures, as well as making the upper tier (RMOW) more accountable by direct elections of the Regional Chair and Regional Council. The latter recommendation was partially implemented in the municipal election of 1997, when for the first time the Regional Chair was elected directly to the position, rather than being nominated by Regional Council as was previously the case.

The second initiative taken around the same time, and more relevant to economic governance, was the KWCC's attempt to develop a new regional economic governance structure. Involving several stakeholders from the business community, local government and the universities, KWCC developed a proposal for a new partnership for economic governance on a CTT-wide level, in the form of an Economic Development Board. In placing itself at the centre of territorial politics in the CTT Region, KWCC chose the participants in the exercise carefully, so as to improve the chances of its vision being accepted. As a chamber official commented in an interview, "largely these were high profile individuals whose perceptions and word were looked upon favourably."

The argument for the need to create a "New Community" (KWCC 1996, p. 9) of stakeholders was cast in terms of economic restructuring and 'jobless growth' affecting the Region; structural changes in the way business is done; new competition from other regions in Canada, the United States and outside North America; government restructuring and financial restraint; and technological change affecting the operation of firms and markets. Overall, these changes, according to KWCC, would necessitate "thinking outside the box and the breaking of paradigms" (KWCC 1996, p. 11) with respect to economic governance.

Certainly, from a discursive perspective, KWCC's proposal for a 'new public-private partnership' for the CTT has demonstrated an understanding of the politics of constructing a social mode of regulation through the formation of a new institutional fabric, as well as an understanding of the concept of governance more generally. Drawing explicitly on the experiences of other regions—such as the GTA, Ottawa-Carleton, and Moncton-Saint John in Canada, and Syracuse, Raleigh-Durham and Cleveland in the United States—KWCC argued for developing "new, integrated strategies and tactics in order for the CTT area to survive and prosper" (KWCC 1996, p.

14), and for creating an institutional tissue for economic governance based on 'communities of interest' which would operate "in concert with a diverse array of local organisations and governments" (KWCC 1996, p. 14). In addition, the role of this institutional milieu in supporting community investment and facilitating venture capital formation; mass marketing; strategic economic planning; new business generation; and technology transfers between universities and firms was stressed, thus providing evidence that some actors do have propensity to learn from the experience of other regions in attempting to induce institutional change.

However, this understanding, and its implication for the re-scaling of governance, has remained largely confined to discourses rather than action, as both the CBA's lobbying efforts for governance reform and KWCC's proposed economic governance models were largely met with outright scepticism from local authorities and other members of the private sector. Given the concern of this section of the thesis with the chronology of events, the difficulties to integrate various power bases into a more coherent institutional form awaits further analysis in the following section. However, it might be worth mentioning that in contrast to the previous attempt of the Regional Chairperson's Task Force to reconfigure the scale of economic governance, KWCC's proposed partnership model was predicated upon a much more entrenched private sector leadership within this partnership. Whereas the Task Force viewed various actors as equal partners, KWCC's model explicitly called for a privatised form of governance:

"We believe that it is timely to remove economic development from the political 'arena' where strategies may be curtailed for non-business reasons" (KWCC 1996, p. 16).

Such a position, given the history of municipal involvement in economic initiatives in the CTT, was clearly unacceptable to local government officials, and (interestingly enough) to business interests not represented by KWCC. As such, KWCC's attempt to place

itself at the centre of territorial politics, where it would have a privileged position over other ‘partners’, did not enjoy favourable prospects to materialise.

A further stage in the development of ‘regionalism’ in the CTT came from an unexpected direction in 1997 when Kitchener city council, under the direct auspices of Mayor Richard Christy, embarked upon a major policy development exercise dubbed *Team Kitchener*. Intended to provide the city with its first coherent economic development strategy, Team Kitchener was in reality carefully orchestrated to re-define and solidify Kitchener’s role in a regional context, and to consolidate a public-private partnership around a re-invigorated city council leadership.

Recognising that the city’s “traditionally strong manufacturing base has been challenged by new industries and new processes” (Team Kitchener 1997, p. A-2), Team Kitchener mandate was to provide the city with a review of its changing economic role in the region and North America, to assess the weaknesses and strengths of the city’s position, and to help in shaping Kitchener’s competitive strategy for the future. The economic premise of strategy development was laid out in the following words:

“Economic development is now understood to encompass many forms of economic activity, not solely smokestack industries and the manufacturing of goods. The new definition includes partnerships and alliances, big box retailers as well as speciality stores, services, special events, and tourism” (Team Kitchener 1997, p. A-1).

In reality, the members Team Kitchener were carefully chosen from the private sector and the local universities by Mayor Christy, and the somewhat draconian process of nomination drew substantial criticism from a variety of circles, including the business community, the chamber of commerce, and several city council members. As a chamber official argued:

“There was a lot of criticism and scrutiny on what the group was doing and there were key [business and government] leaders who were watching it very carefully. It was an embarrassment for [the Mayor], but in a sense took the level of

discussion on economic development up a notch. The criticism was on those who led the initiative: who they were, where they lived. And it was criticised because it was seen as an act and effort to undermine economic development efforts at the regional level.

And as another local business owner recalled:

“The fundamental question was “wait a second. What’s going on”? The Mayor is appointing a Team Kitchener...what the hell for? If you look at economic development at the city of Kitchener, they don’t promote the city of Kitchener. They promote the region. Do they eliminate the universities, whether it’s Waterloo or Guelph? Of course not. Do they omit the high-technology area, which is not in Kitchener? Of course not! They promote themselves as a region. So there’s no logical reason to keep the local economic development function.”

The recommendations of Team Kitchener, much to Mayor Christy’s dismay, did in fact place a great deal of emphasis on the need to create a more co-ordinated regional approach to economic development. As such, Team Kitchener’s report stood in contrast to the Mayor’s attempt to re-define Kitchener’s local autonomy, and in the eyes of many in the business community the entire episode “was a great embarrassment to the Mayor” (interview with a local consulting firm executive). And as a chamber official added:

“The Team Kitchener report ended up being very similar to our position paper, which I think contradicted the original intention of the mayor and it was, quite frankly, a kick in the teeth for Richard Christy.”

In addition to the political bickering surrounding Mayor Christy’s the brand of territorial politics, the Team Kitchener exercise added another layer in the advent towards re-scaling economic governance in the CTT when it asserted that:

“Any practice of inter-municipal competition is counter productive. Kitchener City Council should promote itself as an example to be followed by being the champion of the Greater Economic Area through its key participation in the CTT” (Team Kitchener 1997, p. 20).

In addition, the strategy recommended the further strengthening of regional economic governance by arguing that “the current structure of CTT should be immediately revised

to achieve a better balance between municipalities, post-secondary educational institutions, business and labour” (Team Kitchener 1997, p. 24), and that the CTT should assume strategic economic planning functions, much to the surprise and dismay of Mayor Christy who traditionally saw regionalization as a threat to Kitchener local autonomy.

Thus, Team Kitchener provided further support to the process of re-scaling economic governance in the Region, based on its understanding of the need for new institutional ensemble cross-cutting political jurisdictions, and involving a variety of stakeholders in economic development. Again, this is not to say that such an institutional configuration would be successful. As mentioned in the theoretical discussion of this thesis, institutional change in the context of changing parameters of governance involves efforts to achieve better co-ordination in a multi-actor environment. As such, the problem of *integrating* and *institutionalizing* a network of actors and interests becomes paramount, especially under circumstances where historically co-ordination and collaboration have been largely absent. Again, this issue will be dealt with in more detail in the following section of the thesis, but it may be significant to note at this point that Team Kitchener itself acknowledged that among the major weaknesses of the CTT Region were “no co-ordinated economic development plan; no co-ordinated effort for development of skilled labour force; [and] weak relationships between businesses, government, education and labour” (1997, p. 16).

In parallel to Team Kitchener’s work on economic strategy and the Kitchener-Waterloo Chamber of Commerce’s presentation of a new partnership model, a significant step in the institutional development of the region was undertaken in 1996, when the federal government announced the Canada Community Investment Programme. The programme offered some initial funding for community-based organisations that would support the creation of start-up funds for small businesses. From the outset, the

programme was designed as a competitive process by which different communities had to establish partnership arrangements in their application for funding, demonstrate local needs for such a funding scheme, and secure commitment from private sector actors to provide matching funds and leadership in terms of participation. Given that only 11 packages of funding were available, the programme pitted communities against each other in their bid to secure the money.

Recognising the gap in venture capital institutions in the Waterloo region, several players involved in Canada's Technology Triangle capitalised on this opportunity to not only create a new venture capital organisation, but also to strengthen the link between the public and private sectors by way of coalition-building, and to take the concept of the CTT a step further towards formalising its institutional structure and, in a sense, transcend the traditional inter-jurisdictional boundaries in the region. The process of creating Canada's Technology Triangle Acceleration Network (CTTAN) as a new institution has had, therefore, political significance beyond its immediate and explicit purpose.

CTTAN was therefore designed to help early stage growth firms become investment ready, to link between fledgling firms and equity investors, as well as to provide for some on-going support for those companies. With funding from Industry Canada as well as from corporate sponsors, CTTAN is not designed to be a venture capital company in itself. Rather, its purpose is to provide an investment mediating or facilitating service. As part of its activities it holds seminars and open houses to provide information to help companies become aware of market conditions and the venture capital investment environment. In much of its activities, then, CTTAN works along the framework of a 'bootstrap' strategy by which localities attempt to nurture their own hidden human capital as well as 'hard' capital such as equity. Such initiatives are said to

be important in expanding the economic activities of cities and regions from within, by mobilising endogenous resources, thus reducing dependency on (mobile) inward investment (Goetz 1994; Gough 1996)

CTTAN's activities have also solidified the institutional fabric of the CTT region in another way, by complementing the region's other small business initiative, the Community Opportunities Development Assistance (CODA). CODA was established as a partnership between the NDP provincial government and local union members with the purpose of helping displaced workers, who became victims of plant closures and structural unemployment, to establish small businesses. The main tool in support of this initiative was a micro-enterprise loan fund that was set-up to support would-be entrepreneurs in debt financing of up to \$50,000. For some, such an initiative would provide another instance of an emerging 'cult of enterprise' (see MacLeod 1996), and may be another signpost on the road from welfare to *workfare* (Peck 1998). However, CODA's role within the community, and especially within the city of Cambridge, was generally appreciated favourably as an example of local activism and fruitful partnership between the provincial government and local actors (interviews with public officials in Cambridge and Waterloo).

To CODA's bad fortunes, the Conservative government which replaced the social-democratic NDP administration had a very different view on such programmes, involving as they were ponderous labour union presence. The result was the drying-up of provincial funding for the organisation, forcing it to merge with a local charity group with unclear consequences for its operation, at least at the time of writing. What the episode does demonstrate, however, is the serious barricades to associative forms of governance that exist on a systematic level at higher scales of regulation, in this case at

the provincial level (see Bradford, forthcoming, for other examples of similar initiatives in Ontario).

Beyond this descriptive discussion, however, at least two important, and inter-related, features of the politics of coalition building and institutional development are worth mentioning here. The first concerns the continued leadership of entrepreneurial public officials in local economic policy-making, and the second relates to the nature of private sector involvement in institutional building, and whether patterns of associative governance can be gouged with any degree of confidence from this process.

Firstly, then, despite the (justified) feeling that the CTT was at the time an innovative approach to local and regional economic development, involving, as it were, voluntary collaboration between four cities in the mediation of inward investment, it has failed to generate intra-regional excitement at the political level in terms of sincere commitment from city councils compounded by a relatively weak (in terms of economic policy capacity) regional government. Importantly, however, this lack of excitement and commitment was also exhibited by the local private sector which at least until the mid-1990s remained a relatively muted and reluctant 'partner' in local economic policy-making and urban governance. This again goes somewhat against instrumentalist theories of the urban 'growth machine', which envision strong private sector leadership and dependent local governments (Cummings 1988; Logan and Molotch 1987). Rather, a more finely grained analysis is needed to capture more fully the subtle nuances of local politics and policy, one which takes seriously the role of the local state in policy formation as well as the contours of institutional spatiality.

The development of CTTAN represents an important landmark in regional institutional development because for the first time since CTT's establishment private sector actors and government officials became directly involved in the process of

partnership formation. As a result, the process of institutionalisation, which Amin and Thrift (1995a and 1995b) have suggested lies at the heart of building ‘institutional thickness’, can be critically observed here.

What is clear from the outset is that institutional formation resulted from the interplay of policy innovation at the federal level (and equally important from the availability of federal funding), and the continued visionary apparatus of non-elected public officials who have provided leadership in terms of identifying the community’s economic needs, and the strategic issues which needed to be addressed in order for the region to establish itself as a ‘technology hub’ and an “idea-rich environment” (CTTAN 1996). The following remarks from two economic development officers are indicative of the frame of mind that has shaped the actions of public officials in the region:

“What this area lacks, compared to Ottawa-Carleton or some of the major technology complexes of the [United] States is the presence of a major incubating organisation. If you look at some of the work that’s been done in Ottawa...what you see is...several major incubating organisations, private or public agencies, which have spun an awful lot of new spin-offs. This is what has been responsible in great measure for the evolution of high-technology and knowledge-complex in Ottawa...It has been driven to a great extent by the presence of government sponsored research. We don’t have this advantage of government infrastructure in the CTT, but what we do have is a very strong foundation of university-based spin offs and they are smaller in nature, and...some of them are perhaps a little less commercially oriented than some of the spin-offs that came out of the labs in Ottawa, but nevertheless the same kind of spin off is starting to happen here” (Economic Development Officer 1).

“We don’t have a Newbridge or Corel in this area...that’s been one of the reason why the evolution of the technology infrastructure has lagged behind Ottawa, and in the literature you’ll find that presence of that kind of incubating organisation or a major technology company is instrumental in the evolution of a technology complex” (Economic Development Officer 2).

Secondly, the nature of private sector involvement in CTTAN’s formation, the very process of institutionalisation, which is at question here, seems to have followed public-sector initiative. Furthermore, it seems reasonable to suggest that the ‘tooling’ of private

actors unto the process of institutional development was more of an outcome of the politics of government grants distribution rather than genuine movement towards a model of associative behaviour. That private sector involvement and institutionalisation had not materialised before public funds became available, despite the existence of the CTT since 1987 and the attempts at re-scaling and re-modelling economic governance documented earlier, suggests that the actions of higher levels of government and the policy framework which they establish play an important role in the formation of local political forms. Here, the competitive bidding process in order to secure funds from the federal government, and the requirement that the bidding process be supported by public-private partnership have probably structured the process of coalescence in a significant way. As a CTTAN private sector board member commented:

“I don’t consider the funding from Industry Canada to be huge. A \$100,000 a year to me isn’t huge money. But what it does offer is a face like Don Eastwood [the president of CTTAN and formerly the Economic Development Officer for the city of Cambridge]. It offers a credible source to be able to leverage that [initial] \$100,000 into much more, and I think that’s where the private sector comes on board. It’s this “OK, it’s got some stability and it’s got some future to it, so yeah we’ll jump on board then...” I think there needs to be a show of commitment [from government], but not a show of “we’re going to run everything the way we run all of our government programmes.””

And as another CTTAN board of directors member has put it:

“Where we think we’re catching up [with other high-technology-oriented regions] is in being able to structure a technology association to lobby government and press for changes.”

In such a way, then, local public officials have recognised the importance of developing a spatially-distinctive institutional framework which might support the fostering of an innovation milieu, composed of innovative and well networked firms, public sector support agencies, strong links between universities and firms, and an appropriate mechanism for the nurturing of small firms. What this demonstrates is that a local mode

of regulation can in fact be established by the action of particular actors. Again, this is not to argue that such actions are independent of wider structural constraints. If anything, the process of institutional change in Canada's Technology Triangle demonstrates how the interaction of particular local conditions with wider processes of restructuring worked to produce specific and spatially uneven outcomes. This process has also provided an example of the institutional requirements of contemporary economic governance, in which according to Cochrane et al "it is deemed necessary to mobilise key actors outside the state and involve them in developing strategies for renewal and regeneration, implying a fundamental re-imagination of what urban politics is or might be" (1996, p. 1320).

The institutional landscape which has started to emerge in the CTT since the mid-1990s was thus impacted by the unique local history of the region; by the changing policy regime at the federal and provincial levels; by the on-going process of North American economic integration which has created pressures on local actors to re-configure their actions in order to remain competitive and gain recognition as a 'technology complex'; and by the perceptions by a number of civic leaders of the essential institutional ingredients of economic success based on their reading of other regions' experience.

Finally, a significant stepping stone in the emergence of new local actors and institutions came about in 1997 with the establishment of yet another coalition of interests, Communitech, this time from the technology-oriented sector in the CTT. The immediate genesis of Communitech came about in November 1996 when a number of local entrepreneurs from the high-technology sector met with the then mayor of Waterloo, Brian Turnbull, to discuss the region's seemingly lack of strong technology presence and visibility on the North American scene. As a founding member recalled,

“the issue was that despite the fact that the CTT was a growing technology power there was no single voice, or single group, that would take the needs of that community and bring it forward.”

The meeting thus generated an agreement to form a technology-oriented association. Shortly after, with the hiring as the association’s president of Vince Shirelly, an aggressive marketing-oriented personality, Communitech expanded rapidly with members coming from technology and technology-service firms, as well as from the universities and local governments in the CTT region. With 45 founding members Communitech was launched in June 1997 in a high profile pyrotechnic-laden event, “to create a real strong image”, as its president remarked in an interview.

The explicit purpose of the new group was to advance the needs of the technology-oriented firms in the region vis-à-vis different levels of governments in such areas as training, support in export and marketing, and the provision of infrastructure. In addition, an emphasis has been placed from the outset on the raising of the overall profile of the CTT as a dynamic technology-oriented complex throughout Canada and North America, so that the region would establish presence on ‘the map’ of investors and skilled employees.

The emergence of Communitech was significant to the politics of institutional change in the region on a number of fronts. First is the issue of ‘thickening’ the institutional tissue of the region, adding an important dimension to already existing institutions, which hitherto lacked a focus on the needs of the advanced technology sector. A second point of concern is the relationships that Communitech has established with existing, more traditional, private sector interests in the region. Third, the emergence of a prestigious group of local actors, bringing with them the ‘flavour’ and image of high-technology has had important implications for the politics of economic

governance in the CTT. From the outset, the leadership of Communitech has placed considerable degree of emphasis on high profile, and even grandiose, events (such as conferences and receptions) which attracted considerable degree of interest from local politicians and representatives of traditional business interests, and other segments of the community. The new actors thus introduced a somewhat refreshing and highly sophisticated atmosphere to the institutional fabric of the region, one that certainly was successful in constructing a perception of 'difference' when compared to the traditional outlook of the Chamber of Commerce or the Conservative Business Association. In that respect, whereas the agenda of the chambers towards regional economic governance had been looked upon with a great deal of scepticism, local politicians were rather quick to become associated with the emerging 'territorial social bloc' represented by Communitech.

Thus, with the arrival of Communitech the process of re-scaling economic governance received considerable boost, as it represented an approach to economic governance that has tended to overlook jurisdictional boundaries, and was constructed as an attempt to create new policy networks with regional, provincial and national scales of governance on issues relating to the stamina of the technology-oriented community.

From such a perspective, and given the rather influential position that Communitech has assumed in a relatively short period of time, one might recall the concepts of 'territorial blocs' advanced by Lipietz (1994), and the neo-Gramscian analysis of local modes of regulation offered by Jessop (1997b) in order to make sense of the ability of particular locally-constituted interests to display considerable influence on the governance agenda of cities and regions. Of particular relevance here is Jessop's assertion that "the essential function of a hegemonic project is to secure the (integral) economic base of the dominant mode of growth, and...it does this through the direct,

active conforming of all social relations to the economic...needs of the latter” (Jessop 1997b, pp. 57-58). While I am not entirely convinced by such sweeping, and perhaps instrumentalist, conceptions, the impact of Communitech on the economic governance agenda of the CTT has been rather considerable, given the short history of the association.

As one of the founding member of Communitech recalled, the task of establishing swift influence and visibility in the community was seen as important from the outset:

“We started recruiting for a full time president, gave him a six months contract...and said: “here’s our vision, here’s our mandate, make it happen!”...We just said: “for the first 12 months all you need to do is to make a lot of noise. Create a lot of awareness about who we are. Let’s not worry too much about delivery of specific programmes. So let’s get some [programmes] going, but just to get some noise.” And we achieved that. There were a lot of people who threw-in their money.”

Related to that, the need for a higher degree of ‘structured coherence’ in the institutional tissue of the CTT was alluded to several times in this thesis through the discussion of institutional development and the attempts to re-make the scale of action in the region. The emergence of both CTTAN and Communitech as technology-oriented associations has been closely related for the growing imperative to present a ‘united voice’ in order to lobby successfully for funding from higher levels of government.

The roots of Communitech thus go back to the early 1990s, when a number of technology companies executives in conjunction with local officials formed *CTT 2000*, an ambitious networking project aimed at linking Waterloo’s educational institutions, newspapers, libraries and different levels of government through a single computer network. Despite the fact that some 35 local organisation have combined to raise half of the estimated \$11 million cost of the project, which was to modelled on Ottawa’s OCRI-net network, the coalition’s bid to secure funding from the provincial government was turned down several times throughout the 1990s. This failure, in turn, was

interpreted by many within the technology community of the region as a ‘networking’ failure in that it had reflected the region’s incoherent institutional framework for economic governance, and demonstrated the consequences for the region’s wealth of its internal fragmentation:

“I think if you look at the community and the traditional organisations that were supposed to provide those kind of services were either not focusing on this particular area, and it was felt that Communitech was absolutely required to provide for those needs. I think there was a lack of single voice and a bunch of very aggressive entrepreneurial spirits here like Tom Jenkins, Ivan Cotour and others that got frustrated with it” (Communitech board member).

“One more time the region has organized a lobbying effort in order to secure funding from the provincial government for a communication infrastructure project. The effort to putting in something like that means that if you are a CEO of a large corporation you either don’t have the time to participate in such a project, or you are not taking care of your company. So we ended up not being able to get a lot of people to do the volunteer work...So we needed to have people on a full time basis to take of things. Because so much is happening right now, it is absolutely essential” (High-technology firm executive).

In addition to the politics of grants-distribution, which underpinned the establishment of Communitech, in what way did this institutional development reflect associational principles? Here, there is in fact some limited evidence to support the claim that organisations such as Communitech may embody a greater propensity to develop attributes reminiscent of ‘reflexive capitalism’. In addition to Communitech’s origins as a ‘grant coalition’, the idea of collective action and learning within the technology-oriented community of Waterloo emerged in the early 1990s with the formation of the ‘Atlas Group’, a collective elite enterprise which sought to facilitate exchange of ideas and improve networking relations between 12 CEO’s of high-technology companies. As one founding member of that group recalled, the Atlas Group did generate considerable collective benefits, facilitated interaction and raised the level of ‘talk’ within the technology-oriented sector:

“That helped to forward the industry locally: it brought people together that had the same concerns, and all of a sudden you found out that you weren’t alone. At the time we had a very detached industry. I mean, nobody really knew who was around and who did what. Now people sit on each other’s boards, and when they go public they help them out, and there’s a whole lot of co-operation and support that goes around.”

A similar sentiment was also expressed by another technology firm executive:

“We realised that because you don’t have big companies typically in this industry, there’s no big strong voice for the industry. So we had these pockets of companies all over the place that really didn’t know of each other, and there was no communication between them. So this Atlas Group became the first sort of chance to do that. So once a month we’d meet, and when we started there were 12 people. There are now well over a hundred...We found that by being able to pick up the phone at 10:00 o’clock at night and talk to someone who has gone through the same things you’re going through... [it] makes it a lot easier.”

The process of institutional change as expressed by the emergence of the Atlas Group and later on Communitech did represent, therefore, some advance to more associative-like idiosyncrasies within a *particular segment* of the community. This, of course, may be confined to a certain, privileged group and may not reflect tendencies throughout the region as a whole. Indeed, as I argue in the next section, there have been considerable barriers to the development of associational institutions on a community-wide level within the CTT, and so the actual emergence of the CTT as a networked region is put into question. However, in other ways, Communitech has been able to influence the economic governance agenda of the region by virtue of its regional clout and the prestige attached to its identity as a representative of cutting-edge knowledge-based industrial sector. In a way, by pointing to the weaknesses of the CTT’s institutional fabric, it has been able to re-focus the attention of local state officials and members of other fractions of capital to the necessity of re-scaling economic governance. As a Communitech member has put it:

“We’re in an interesting community because we have four cities and a regional government, but for the longest time they weren’t on the right track on stuff.

They had this thing called the CTT, and they had no idea what to do with it. No idea! So for ten years it kind of fumbled as a label of some kind, and until we created Communitech, until we came to the table and challenged them to do things, it wasn't happening..."

Importantly, Communitech has fulfilled other roles in the process of institutional development in the region. These have included the ability of the region to lobby more successfully for government investment in technological infrastructure; the pointing out to skill shortages, and creation of greater awareness to the need to establish local labour market governance institutions that would be more attuned to the need of technology-oriented firms; the strengthening of the region's presence as a 'legitimate' technology district, able to compete with similar region throughout North America; and related to the earlier point, Communitech has served an important symbolic function as a messenger of the success story of the region.

This latest function should not be under-estimated given the considerable efforts of local actors to engage in the creation of symbolic gestures to create a sense of 'civic pride' around an identity of high-technology success in the community. The central role that Communitech has started to play in this process of 'symbolic development' was demonstrated when the association was strongly involved in pressuring the City of Waterloo to undertake an ambitious plan of core regeneration. As part of the plan, the City purchased the vacant Seagram Lands at the city's core and then established a partnership with a Toronto-based developer in order to develop the site into an impressive office, retail and hotel/convention complex, which would showcase the city's success as a technology-hub. A central part of the plan would have been the relocation of the offices of a number of local technology firms into the new complex, thus helping to create an urban core which would symbolise Waterloo's technology-oriented community (interviews with City officials). As events unfolded, however, the developer withdrew

from the project, citing unfavourable timing and market conditions, thus living the future of the city's core in question.

One interpretation of such efforts would be that the politics of place marketing and inter-regional competition for investment necessitates the construction of particular images of success (Kearns and Philo 1993). Another interpretation would be that symbolic references are instrumental to the development of regional identity, 'collective orders' and associational institutions. The frame of mind of some of the leading actors involved in Communitech does tend to support the latter interpretation, as well as the role that inter-regional learning related to the experience of 'region-building' has played in the institutional development of the CTT:

“As much as we want to see ourselves as a very progressive and advanced community for technology, I still think that we're a little bit immature...in the sense of not really accepting what's possible. If you grow up in Silicon Valley, everything's possible in your mind, whereas here we're just starting to feel that. But the reality of people's dreams here isn't as big because we haven't seen as many success stories locally as you have seen in Silicon Valley, in Boston and even in Ottawa. We started to see them now with firms like Open Text, MKS, RIM and ATS. So all of a sudden people realise that “gee...my company *is* growing and maybe I *can* go public, maybe I *can* raise more money...” And for a while we didn't have that because people didn't even know that other people exist in here. So that's why I think we've come to a really interesting point in our history. I think the acceleration of what's going to happen in the future will be tremendous because we're starting to feel that: we're starting to get people from the United States and Europe to sit on the boards of our companies; we're starting to get financial support from firms like VC of California; and we're starting to get that reputation, and that's important” (CEO, local technology-service firm).

“The Atlas Group has been very instrumental in bringing a very fragmented industry together, and anytime you can bring a more unified voice to something, you have a bit more strength. And I think Communitech has taken that five steps forward now, by saying “we *are* a very strong community. We *are* a very strong industry within this community”, and there are tremendous benefits to our community...because it's an industry that has a high salary range..., it's an industry that mostly exports stuff so we bring in foreign dollars..., and it's an industry that has a huge potential even for people who are not in technology. And I think more and more Communitech has helped the smaller companies to participate, and it's brought the universities, the school boards, the local governments...it's brought everybody together, and now we've got a vision of the fact that “you know what? We have a lot of what it takes to become a very strong

technology community in North America and even around the world...” We have to believe it, and we have to understand what are the deficiencies and address them” (Senior manager, high-technology firm).

“If you take a look at other technopolises, such as Ottawa-Carleton or Silicon Valley, and you say “what are the elements of a technopolis”, and there are several: proximity to universities and research institutes, quality of life, access to financing, proximity to markets, and so on. But every one of these [regions] also had a common thread, and that is a very active industrial association: OCRI in Ottawa, the Massachusetts Software Association, and so on. We had none of that, and here we are competing on a global basis for people, for investments, for additional companies and resources, and we didn’t have anybody to take care of those issues. So we came to the conclusion that if we were going to be a world power we had to have this type of association” (President, Communitech).

Thus, towards the late 1990s, the CTT seemed to have developed a number of institutions and institutional experiments that may provide support to the principles of social capital and associative governance championed by Putnam (1993), Hirst (1994) and Sabel (1993). However, as the preceding discussion has showed, the process of institutional change has been overwrought with conflicting perspectives, as it involved attempts at re-doing the scale of economic governance in a region where local autonomy and local traditions stood in contrast to the (supposed) ‘imperatives’ of region-building. Given the chronological development of economic governance outlined above, and the gradual emergence of (at times conflicting) visions for institutional change, it might be important to analyse the extent to which Canada’s Technology Triangle has indeed exhibited characteristics corresponding to a networked, associatively-governed region.

3. Institutions as Social Capital?

By 1998 there was considerable degree of optimism in the CTT region about the ability of local authorities and emerging actors to indeed exhibit associational principles in economic governance by forming, at last, a regional economic development corporation,

which would provide for frequent dialogue between various stakeholders. The *Kitchener-Waterloo Record* expressed such an optimistic outlook in the following words in its editorial:

“The 21st century belongs to regions. And finally, people in the region known as Canada’s Technology Triangle...are waking up to this fact of future life. Finally, local government and local businesses are joining to give the region one voice through a single economic development corporation. The future health of the area—and most likely *your* future—depends on their success...That’s why regional politicians deserve praise for their plan to form an economic development corporation for Waterloo Region and Guelph this year. The corporation should become a strong voice directing this dynamic part of Canada and broadcasting its virtues to the world. It should convince not only outsiders but the people of Canada’s Technology Triangle that they are all part of one region” (K-W Record, May 5th, 1998, editorial).

Despite the celebratory undertone of this commentary, the evidence suggests that progress towards the institutionalisation of social capital and associative governance might be hard to achieve. Three dimensions of institutional change seem to be of particular importance in the CTT region, and are examined in turn in the following discussion. The dimensions are the character of inter-jurisdictional relations; the re-shaping of public-private relations; and the degree of coalescence between private sector interests.

3.1. Inter-Jurisdictional Relations

The first issue regarding the operation of ‘networking institutions’ is the extent to which inter-municipal collaboration has indeed materialised within the CTT, given the increasingly strong voices calling for closer networking relations between the cities. Indeed, the CTT region might be an interesting example of inter-municipal relations within a city-region context because networking and collaboration have been largely attempted on a voluntary basis, rather than being a statutory requirement imposed by the

provincial government. As such, local and regional economic initiatives in the region represent a somewhat unique example of local state autonomy in Ontario.

In several times throughout the discussion in the this chapter, the significant legacy of local identity and concern for local autonomy has been mentioned as a ‘historical layer’ which had important implications for contemporary patterns of inter-jurisdictional relations in the Waterloo Region. In particular, the central position of the local state in identifying community needs and community identities, as opposed to cultivating *regional* identity, has lent itself to competitive, rather than collaborative, attitudes towards regional economic development and governance. Whether such attitudes have changed in response to the seeming imperative to ‘jump scales’ in order to create a stronger geo-economic and geo-political entity, given the increasing tendency of regions to engage in economic competition, remains questionable.

At the most basic level, greater inter-municipal collaboration has been hard to come-by given the history of the region. As one important player within the CTT eloquently summarised the regional dilemma:

“There is a certain degree of competitiveness [here] that will always continue. That, in essence, is the kind of major leap that we’ve got to be able to get to: can we, in a seemingly competitive environment, get to a complementary and supportive environment? And frankly, that’s the big question, and I don’t know the answer.”

Beyond that scepticism about the ability of the CTT jurisdictions to genuinely collaborate, in what ways might we explain the apparent barriers to collaboration? In the first instance, barriers to collaboration, as suggested earlier, have been erected by strong sentiments of local identity, and resentment towards regionalization. In this context Economic Development as a municipal function has become (perhaps inadvertently) a symbol of local autonomy, as expressed by the fact that RMOW has never assumed an Economic Development function of its own.

In 1997, the parameters of Regional politics in Waterloo changed somewhat with the first ever direct election of the Regional Chair, thus strengthening the political legitimacy of RMOW. Seeking to capitalise of the re-invigorated position of RMOW as a result of this process, Regional Chairperson, Ken Seiling, has sought to establish the Regional Government as a new ‘champion’ of regional economic governance. Unsurprisingly, this effort has met with considerable resistance by the local municipalities, especially Guelph and Cambridge. As a senior official at the City of Guelph argued “it is the wrong champion for economic development in a regional context because it carries with it a heavy political bag...Guelph does not want to be seen as sub-servant to the Regional Government.”

The barriers to intra-regional institutional development have also been evident in Cambridge’s position within the Region of Waterloo, a position that has always been problematic and uneasy. For example, no direct public transit connection exists between Cambridge and the cities of Kitchener Waterloo. As well, the different ethnic background of the communities, the German heritage in Kitchener-Waterloo and the British origins of Cambridge, continue to serve as a cognitive barrier to collaboration in the mind of public officials and business representatives, who refer to Highway 401, which separates the communities, as the “Sauerkraut Line.” In addition, during the implementation phase of the Ontario Training and Adjustment Board in the early 1990s, Cambridge lobbied the provincial government for its own board, rather than participating in a regional one (Rutherford 1996). As the Mayor of Cambridge commented in an interview:

“I think there’s a strong parochial feeling about Economic Development here...[a feeling] that we were doing our own thing, and were doing it well. The CTT was ‘shadow thing’...it wasn’t terribly important to go together on a regional kind of arrangement...We’ve always had a strong Economic Development Department... and I think there’s a feeling here that you begin to lose your autonomy if [Economic Development] isn’t here.”

Economic Development is thus used by local government, and more specifically by Cambridge city council, as a demonstration and a symbol of its autonomy. Of course, local economic autonomy is highly questionable given the reality of global economic restructuring, the emergence of a new spatial division of labour, and North American economic integration. The argument here, however, concerns the political and symbolic aspects of local autonomy. Given the rather restricted legal and political autonomy that municipalities enjoy in Ontario, any concession by local authorities of whatever powers still remain in their jurisdiction to higher levels of government seems like a genuine loss of local power. Given Cambridge's unique history, the resentment towards the process of 'creeping regionalization' has been particularly pronounced, despite the fact that it may seem as going against the economic imperative of creating a 'regional voice.'

While this pattern of inter-jurisdictional relations may be quite particular to the unique political development of the CTT region, it has nevertheless created a contradictory process: on the one hand, a strong motivation to protect local turfs, and on the other hand recognition that voluntary inter-municipal collaboration, in which the City of Guelph may participate, may help to prevent the Regional Government of Waterloo from assuming an Economic Development function and further threaten local autonomy.

So, as a senior official at the Regional Government of Waterloo admitted:

“Cities know that in order to ensure their future...Economic Development is vitally important. This is their opportunity to plan for the kind of city they want to have in the future, and that if they didn't have the ability to do Economic Development, their future would be controlled by somebody else. In the Region of Waterloo you have the constant argument [about] why should there be three cities...why not just one large government? Cambridge and [the City of] Waterloo don't like that idea. The stuff knows that their jobs are on the line, and the politicians know that they have jobs on the line too. So both Cambridge and Waterloo like the idea that there are different cities, and Economic Development is crucial! If they didn't have Economic Development, they're nothing but recreational associations! So Waterloo and Cambridge have always said, “if we don't co-operate the Region will take over.”

And as another veteran official in the CTT region has suggested about the unique role that Economic Development has played in inter-jurisdictional relations:

“The issue of the cities is...they had to remain active in Economic Development, and it was very helpful for them that Guelph was involved because Guelph is not the [Waterloo] Region, but in the County of Wellington, so the four cities could co-operate and say “we’re beyond the Region”. This is why the Regional Government of Waterloo had no role [in Economic Development].

Secondly, my argument is that the difficulties in inter-urban networking in the CTT relate to a particular failure to develop relationships of trust between local authorities at the regional level. Institutional ‘thickness’, argue Amin and Thrift (1995a p. 15) “establishes legitimacy and nourishes relations of trust.” The institutionalisation of trust relations, combined with “a recognised set of codes of conduct, supports, and practices which certain individuals can dip into with relative ease” (Amin and Thrift 1995a, p. 15), constitute one of the most fundamental elements in the institutionalist/associationalist paradigm. However, the questions of how such relations may be developed, and the scale in which they may be constituted, need further examination.

In particular, a significant concern of the institutional development process in the CTT region has been the issue of attracting inward investment and how to co-ordinate it between the four municipalities. In other words, it has been an institutional development process aimed at elevating the scale of governance in mediating inward investment. As Cox and Wood (1996, p. 1) argue, “co-operation in the face of globalisation may be important, but competition can prevent the emergence of the necessary organisational forms or compromise them once they are in existence.” The attraction and mediation of inward investment thus requires a relatively high degree of co-ordination, a good understanding of the division of labour between economic development agents, and considerable degree of trust relations between them. This is especially the case because

of the 'local dependence' of municipalities on their tax base and other forms of local social relations which are relatively spatially immobile (Cox and Mair 1988; Cox and Mair 1989). This local dependence problematizes the regionalization of economic governance as localities within one region may have justifiable concerns regarding their fair share on incoming investment. Thus, as Wood (1993) has argued, what is required is the successful integration of an economic development network constituted of agents with an interest in a specific locality (or region) of interests. In addition, network relations, as discussed, for example, by Sayer and Walker (1992) and Granovetter (1985), require high degree of interaction and a well developed division of labour between the network's participants. However, with relation to the mediation of inward investment, network relations "are chronically reliant upon relations of trust" (Wood 1993, p. 1651), so that information about incoming investment may be shared between agents in confidentiality and the mediation of inward investment will be conducted in a way that would prevent opportunistic behaviour. This issue is especially acute where institutional development for economic governance attempts to 'jump' from one spatial scale to another, but where participating agents (local authorities) retain an interest which is constituted at a lower spatial scale.

Indeed, much of the discussion and debate around the creation of regional economic governance in the CTT has revolved around this issue of how to effectively mediate inward investment in a context where the partners happen to be competing local authorities. From the outset, it would seem that the CTT banner was willingly adopted when the interest of a given locality dictated the presentation of a 'regional advantage' to potential inward investors, as long as the locality could ensure that the potential investment would land within its own jurisdiction. For example, when Denzil (a Japanese auto parts manufacturer) inquired about possibility of setting-up a plant in the

region in the early 1990s, economic development officials used the regionalist discourse in order to lure the investment. As a Guelph city officials recalled:

“In the example of Denzil...they looked at Kitchener as well...but I used the CTT as a whole in terms of the strengths of the CTT, in my presentation. I wasn't just saying “Guelph has 50,000 people who are ‘work-engaged’”, but instead I was saying “you've got a work force of 200,000 people here”, so I utilised that, in terms of the overall marketing to say “it's not just Guelph that you're buying, but you're buying the whole economic region known as the CTT, with the skills, the facilities, etc.”

And as Cambridge officials explained:

“If you called Cambridge and you're saying “I need 5 acres of land and I want to be 60 miles west of Toronto,”...that brings all of our four cities into place, so we'd say “you don't have to phone Kitchener, Guelph or Waterloo...I will get on the phone and will call my counterparts and send the information to you”...But the main thing was to get them interested in this area and say “we want to go to the CTT rather than to London or Toronto”, and then we will fight against each other as to who will get them.”

“The CTT is a partnership, but it's a tentative one because everybody has their own vested interest. Everybody wants to sell their land. You want to promote the whole area, and it makes a lot of sense on paper to say “yes, we're part of CTT,” but you want to be the place where the plant comes through.”

The formalisation of CTT into a more meaningful institutional mechanism for (admittedly limited) regional economic governance presents therefore a series of geo-political questions revolves around the construction of division of labour, co-ordination and trust, in an environment in which there has been considerable display of competitive rather than collaborative behaviour, and in which there has been a long history of resentment towards regionalization. In attempting to integrate an economic development network on a regional basis, the centrality of local government in economic policy, and its reliance on tax base for revenues, creates an internal contradiction between the motivation to collaborate—underpinned by realising economies of scale and establishing a greater presence for inward investment promotion—and the inherent interest to secure

investment within specific territorial boundaries within the region. Such a contradiction cannot be resolved by market mechanism and has to be tackled by social and collective action, in which the issue of trust between partners (in this case local jurisdictions) is paramount. Interview transcripts reveal that there has been little success in building an effective ‘trust ensuring’ mechanism between the local authorities involved in the CTT. One economic development official recalls the following incident:

“I think the CTT concept has worked as far as promotion. When we’ve tried to go further, because we have four municipal governments and a regional government, you bump into a political barrier many times in one of the jurisdictions. I’ll give you one example. About three years ago the National Research Council in Ottawa was going to decentralise one of their institutes, it was the Advanced Manufacturing Institute, to what they perceived was ‘the market’ which was south-western Ontario, so they came and looked at the communities and asked for proposals.

So we set down as a group and said “OK, this should be a CTT initiative, what site are we going to offer?” And we thought that for advanced manufacturing the University of Waterloo would be the best site. After some discussion, I mean everybody wanted their own municipality to be chosen, the four of us decided “OK, the University of Waterloo.” We had ten days to put the bid together. It took seven to finally agree “OK, U.W. is going to be the site.” But even after that some people in Cambridge, the political people, including the federal MP for Cambridge, got some of their friends together and put in a competing bid.

It’s that type of thing that you run into...Where this ‘central’ (i.e. regional) type of economic development works well is in places like Ottawa, Windsor-Essex, and Hamilton. But where you got three cities within a region and then a city that’s not even in the region [Guelph], it’s a little bit difficult, and that’s what we’ve been wrestling with.”

Such relations of mistrust were also revealed by another senior official at the City of

Kitchener:

“When you get ‘leads’ [information about potential inward investment]...we’re supposed to record them on a sheet that we could all share. But...if you actually got a good ‘lead,’ you would actually write it down and stick it to your jacket pocket. So it was never an open competition or even adversarial, it was simply just reality that, you know, everybody wanted to have a little bit of an edge. That’s the way the system works.”

As a senior staff member at the City of Cambridge conceded, municipal motivation to increase its tax base and thus improve its financing of service is a significant consideration in encouraging competitive rather than collaborative inter-municipal relations, thus erecting a significant barrier to the regionalization of economic governance:

“The CTT is hampered by political boundaries...it’s a major stumbling block when you have political boundaries...let’s face it, if I’m working in Cambridge and I’m trying to attract investment into the community, I’m going to try and encourage people to locate their operations here for a couple of reasons: we’re going to sell land and use the revenues to finance other activities, and we’re going to expand our tax base which will help the city to grow and finance its services. It just doesn’t make sense for us in the City of Cambridge to say ‘I will gladly show you a piece of land, and by the way it’s up here in Huron Business Park [in Kitchener].’ Why would I do that? So that is a major obstacle.”

Interestingly, there have also been tensions between the professional economic development staff and the political level regarding different views about the merits of inter-city partnership:

“I think the problem that we see as practitioners of economic development is that from city council point of view one of the things that can be measured is how much industrial land was sold. They can turn and say ‘you sold 47 acres of industrial land this year. Bravo.’ Whereas if you say ‘we’ve developed a sector partnership that we haven’t been able to measure the success of’ then council may not see any benefit to it. Now, how likely are they going to be approving such a policy?” (Economic development officer, City of Cambridge).

Voluntary, trust-entrenched inter-city coalition-building at the regional level has therefore remained a fragile and largely unstable undertaking in the CTT. “Coalitions compete with one another”, argue Cox and Wood (1996, p. 18), “but they also have their internal tensions.” Significantly, in the CTT region, the internal tension between the need for regional co-operation in face of ‘globalisation’, on one hand, and the inherent tendency to compete due to financial/tax base concerns, as well as the protection of local autonomy, on the other hand has not been adequately resolved. Furthermore, the recent

involvement of RMOW in the process of institution building has not contributed to the resolution of these tensions because the local municipalities have always been suspicious of the ‘power grabbing’ tendency of the regional government, and the City of Guelph, located outside the political boundaries of the Region of Waterloo, has remained sceptical about the overall ability of potential partners to develop genuine trust relations in the mediation of inward investment:

“Now that the CTT is becoming formalised these are some things we want to look at. Will the Ministry of Economic Development [in case of an investment prospect] now call us, or will the ministry now call CTT, and then will the CTT in turn come back to the offices? I don’t know how we’re going to handle that. I have a little bit more concern because I have a physical distance from the rest of the region, and also politically I’m not part of the region. So I don’t know how they’re going to handle those inquiries [from leads], and if the client comes in to the CTT office and say “I’m not sure I’m interested in Guelph”, does that mean I never hear about it? I’m convinced that my council, as soon as they announce a new plan for Kitchener, they’re going to ask me “did you give a presentation to these clients? What are we gaining from this?” I have a good rapport with the Ministry people, and I’ve built that up for over twenty years, so they’ll probably still call me, but over time, who knows, I may not even get a chance at new investment” (Economic Development Officer, City of Guelph).

In addition to the difficulties of integrating inter-municipal collaborative social relations into economic governance institutions, a second element of institutional development—that of state-capital relations—has also proved problematic, and the discussion now turns to that issue.

3.2. Re-Institutionalisation of Public-Private Relations

Beyond the re-shaping of inter-municipal relations in the CTT, the process of recasting economic governance in the region has also involved attempts at creating a greater degree of association between private sector interests and local government actors. While this may resonate well with concepts derived from urban regimes theory, the concern here with associative governance requires us to look more critically at the

process of institutional change in order to tease out the characteristics of partnership formation. In particular, in what ways might we conceive of the apparent move towards closer state-civil society partnership in economic governance, which was documented in the previous section? Can traces of genuine collaboration be identified, and is there evidence of 'collective learning' by different segments of the community?

As documented in the previous section of this thesis, attempting to create an economic development network on a regional scale has entailed a re-visioning of public-private relations which would be institutionalised, according to some 'emerging actors' in the community, so as to provide a strategic direction to the CTT. The re-configuration of public-private relations was seen by most actors involved in the process of institutional development in the region as an important step in providing the CTT region with policy capacity bent on anticipating change and challenges. Such regional partnership has been perceived as being able to secure a working and flexible framework for (admittedly modest) collective action. Cautiously, one could view such a process, should it be successful, as a move towards constructing 'reflexive institutional capacity' (Amin and Hausner 1997; Asheim 1997; Healey 1998). However, further inspection suggests that the process of institutional building in support of such changes has been marred by conflictual and antagonistic attitudes of local business actors towards public institutions, while local government officials have (correspondingly) remained suspicious of private sector intentions.

Several issues in particular stand out with regard to the *process* of institutional change. In the first instance, it might be useful to take note of the changing regulatory environment in which Ontario municipalities have found themselves since 1995, with the reforms introduced by the Conservative government. In addition to the agenda of fiscal conservatism, which may have induced local and regional governments to seek private

sector partners in order to streamline financial expenses and seek greater efficiency in service delivery, other processes, seemingly unrelated to local governance had important implications for the process of institutional change and the re-articulation of public-private relations in the CTT.

The most pronounced of these was seemingly not related directly to economic governance, but had important implications for the politics of institutional change. During 1996 and 1997 the Hospital Restructuring Commission created by the provincial government conducted hearings in different communities regarding their health care needs, with a clear view towards 'greater efficiency', 'streamlining' and 'elimination of duplications'. This process put the onus on communities to 'prove their case' for the continuation of provincial funding for health care services by means of presenting needs versus service capacities, in many cases in partnership with local business interests who joined the appeal of their respective city and regional councils. In the CTT region, this process, at least in the minds of some business leaders, required a "strong, unified regional voice" vis-à-vis the restructuring commission in order to protect the region's health care services. However, as the process played itself out, both civic leaders and private sector representatives found it difficult to agree on a common regional agenda regarding the local hospitals and other health care facilities.

As a board member of the K-W Chamber of Commerce remarked, the politics of (provincial) state restructuring has certainly provided an impetus for re-thinking the institutional design of the region. In particular, the politics of health care restructuring in Ontario, was a vivid demonstration of an emerging local/regional institutional imperative: the need for regions to have a stronger, united voice vis-à-vis higher levels of government:

For quite some time we've had a number of organisations that have taken different positions with respect to health care and saying we're under-served. Up

until [recently] politicians were continuing to deal with those issues in a way that has placed us in a significant disadvantage compared to other communities: “If I’m the mayor or city council of Kitchener I’m really only concerned about the hospitals in Kitchener.” What we’re now starting to see is a realisation that if politically we had done things differently five years ago, then instead of looking at ‘my little community’ and looking at the broader community instead—and we’re saying the broader community is really the four-city area—and look at the needs of the population of that market place, compare it to Hamilton or London [Ontario], then we can make a very convincing case for the fact that we had been significantly disadvantaged.”

And as another representative of the private sector in Waterloo noted:

“It’s only now that resources seem to be focusing and coming together to paint a picture of one organisation to account for *one community*—and this is really out of necessity—and we’re really seeing politicians kind of master themselves to do that...Suddenly, [there is] realisation that unless we present to the provincial government a face of one community we’re going to be disadvantaged, so the focus is now on ‘selling’ to the province that this is one community...So the threat of restructuring [in health care]...started to cause politicians to not talk about Cambridge General Hospital [for example], but they talk about the needs of Canada’s Technology Triangle. The same applies to other areas, including economic development. We could be doing a much better job, I think, if we could corral the resources, but it seems (similar to the health care issue) that until you push people to a position that perhaps they have no alternatives, that you will always find those who believe that ‘I can do it better.’

Thus, in addition to the provincial government’s municipal downloading agenda, the politics of health care restructuring played an important cognitive role in providing lessons about the need to re-scale economic governance in the CTT region. However, the apparent need to create new, regional institutions did not produce a straight forward outcome precisely because the interplay of different spatial scales has proved contradictory. While the regulatory environment induced by higher scales of governance may have pointed for an imperative regarding the re-definition of institutions and geographic scales, the unique contours of local contingencies mediated this process in important ways.

Key in this process has been the growing involvement of the business community in local and regional politics, initially via KWCC’s lobbying efforts for a new regional

economic governance structure which was documented in the previous section of this thesis, and later on through the appearance of associations such as Communitech on the regional political map. The perceptions of the changing geography of governance by the business community should not be underestimated. There is considerable evidence to suggest that local actors from the private sector have captured, or at least intellectually meddled with, the complexities of scales of economic governance, and their ramifications to the way institutions should be reconfigured:

“Right now the chamber is working very hard to make CTT much more than a marketing pamphlet. We want it to be very much the level at which we operate. That’s a significant change of methodology: we are trying to force, invite, cajole and move political leaders from thinking of a parochial, local government-centred approach to economic development to a regional approach. And if we’re really serious about working on a global stage, then we’ve got to do that” (KWCC official).

And as another chamber of commerce official commented:

“As one anecdote—and I see this all the time—when people from London (Ontario) came here to talk about an initiative they did, the assumption and perception here were that London was somehow greater and larger than this area. And London is in fact quite a bit smaller. So we have a serious problem, and that is the perception of this area is that it is much smaller than it actually is, and we shoot ourselves in the foot. So economic development, if it is really going to be done effectively, needs to fall in a methodology that is community-based, and the question is “what is community?” Community is not defined by municipal boundaries. It is defined as the daily working relationships: whether they’re economic, social or otherwise. Municipal boundaries are obsolete. And yet the problem is, because we’re given the agenda...because we’ve allowed the agenda to be set by local government, until recently, they are the biggest impediments to economic development, because they are dinosaurs. I don’t mean to sound disrespectful, but they are thinking within a box that’s obsolete.”

It would be easy to dismiss this as a ‘primitive’ or ‘typical’ critique of local government by the business community. However, local pro-activism, as demonstrated by certain segments of the private sector in the CTT region, has attracted considerable degree of interest from the business community as well as the public sector. What needs stressing in this context is that some local actors have, in fact, been attempting to re-create the

institutional geography of the region in order to advance the (perceived) economic governance needs of a relatively small region within Ontario which, some would argue, lives in the shadow of the much more economically and politically powerful Greater Toronto Area. Consequently, the comments made above by some of those actors do reflect a genuine effort to come to grips with complex, and dynamic, geographies of economic governance. In such a way, the process of re-scaling economic governance at the CTT region has indeed reflected the combination of local social relations and histories with wider processes of institutional change, operating at different spatial scales. As such, one could cautiously argue that re-making institutions and structures of economic governance is couched in a search for a regulatory 'fix' within which local actors attempt to adhere local practices to an emerging mode of social regulation.

Once again, however, I do not wish to suggest that the outcome of this process is pre-determined in terms of the partners that might be involved, the representation of interests and the articulation of spatial scale which may result as a consequence of particular struggles. There have been at least two problematic issues at the centre of institutional development in this respect.

Firstly, mobilising private interests to a higher degree of civic engagement proved to be problematic. For all the discourse surrounding the 'partnership imperative' it has been a challenging task to create *stable* institutional mechanisms through which state and elements of civil society could engage in dialogue, exchange of information, and mutual learning, and develop the sort of trust which according to authors such as Fukuyama (1995), Putnam (1993; 1995) and Coleman (1988) is essential to economic renewal.

Throughout the discussion in this thesis I have referred several times to the relatively weak local presence of private sector interests in governance issues in the CTT region. In Cambridge, for example, private sector representation remained fractured

along the old territorial lines of the three original communities, and local government remained the key actor behind local economic policy. Certainly, public sector ‘entrepreneurialism’ through local municipalism has been responsible in a considerable way to the development of institutions in the CTT. However, for a considerable period of time the CTT concept and economic development initiatives have failed to capture the excitement of the private sector, perhaps because they have failed to see their importance for their own growth. Therefore the notion of (and for some the hope for) a strong private sector leadership in local politics is somewhat misconstrued, to some extent reflecting Peck’s (1995) argument that “the political capacity of business elites derives in part from the attribution by the state of ‘public status’, having less to do with the ‘energy and cunning’ of its individual members and more to do with effective ‘sponsorship’ by the state” (p. 26).

Another interpretation could be cast in terms of Cox and Mair’s (1988) notion of ‘local dependence’ of capital. Cautiously, it may be suggested that the relatively centralised structure of capital in Canada (compared to the United States, for example) has resulted in weak local dependence, thus diminishing the motivation of particular fractions of capital—primarily those with linkages and markets that extend far beyond the locality level—to take part in local institutions designed to enhance the competitiveness of the local economy. The following view of a local manufacturing firm executive may be instructive in that regard:

“There has been traditionally lack of organisation, and as a result weak involvement, on behalf of the business community in this region. The private sector doesn’t participate enough. They leave it in the hands of organisations like the chamber [of commerce] to be the spokesperson. None of the major firms here, like ATS in Cambridge, have been part of the CTT organisational structure. It hasn’t been the CTT helping them to grow.”

The view of relatively weak private sector involvement in local institutions was also confirmed by public officials:

“We don’t really have what you may call strong ‘policy groups’, certainly not strong business groups that drive issues and initiatives. I would suggest more that it’s politicians and departments staff that spark it, and then business would pick up on it rather than drive it” (Senior official, City of Kitchener).

While this view may reflect the tendency of public sector officials to exaggerate the weight of their own role in policy formation and downplay the importance of other actors, it was nonetheless a typical view, not only among other public officials, but—importantly—also among private sector representatives. The following comments represent a common view among local private actors:

“In this area local governments create the frame and have taken the major role [in local economic development policy], and I don’t think industry has complained about that. Industry has complained that there appear [to be] too many people out promoting the same product, and that this could be done with greater efficiency” (Executive, local financial firm, City of Waterloo).

I do not wish to argue, of course, that business influence on the policy-making process has been negligible, or that the business class in general does not enjoy a favourable position vis-à-vis other interests. Rather, the intention here is to point the attention to the problematic of talking about an over-arching ‘business agenda’ which some instrumentalist theories of community-power and growth coalitions tend to take for granted (Cummings 1988, Logan and Molotch 1987; Judd and Parkinson). To briefly reiterate the argument made earlier, in the CTT region the fragmentation of business interest along territorial and substantive interests is significant (see also next section), and thus the particular impact of business influence on the policy agenda is not given.

The politics of business representation, combined with the difficulties associated with the creation of a collaborative inter-city economic governance framework (which was documented in the previous section), have therefore had important implications for

the particular form of institutional development in the region. One of the central aims of this institutional development process was the creation of a regional public-private partnership to formulate and implement economic policy. Given the difficulties in integrating both a public-public (inter-jurisdictional) and a private-private economic network, it is not surprising that the integration of a 'working' public-private institutional fabric for economic governance has proven quite problematic.

This, then, leads to a second problematic issue in designing institutional capacity in the CTT region, namely the extent to which civic engagement in evolving institutions has presented itself in a way that might suggest collective learning and collective action among various partners. Indeed, the relationship between the process of 'governance' and institutional change entails an examination of the role of values and norms (the 'soft' side of institutions) in the co-ordination of a multi-actor environment (which is the essence of governance). As Pierre (1999, p. 390) argues, "institutional theory is a critical component in any understanding of urban governance, not least because it highlights systems of values and norms that give meaning, direction, and legitimacy to such governance."

In addition, the associative approach to regional economic governance, as developed by Cooke (1995), for example, takes this idea further by arguing that networking implies "flow processes" between actors and "a collective setting of direction" (p. 14). Furthermore, a key element in associative economic governance, according to Cooke is "a recognition that best practice is transferable through *learning*" (p. 14). Importantly, such learning could (and should) take place between actors involved in institutions of economic governance. As Mackintosh (1992) and Hastings (1996) have pointed out, partnerships—one of the key institutional mechanisms of economic governance, and certainly a central aim of institutional development in the

CTT—have the potential to create synergies of mutual learning between agents. As

Hastings has put it:

“This type of synergy can be conceived as *policy* synergy in that it describes a process by which new insights or solutions are produced out of the differences between partners. It depends on bringing together the different, but equally valid, perspectives of each partner” (1996, p. 259).

However, the evidence from capital-state relations in the process of institutional development in the CTT suggests the limits of mutual learning. In reality, the formation of economic governance in the region has been characterised by mutual *distrust* between local state and private sector actors. Furthermore, institutional change has been suggested (most pronouncedly by the Kitchener-Waterloo Chamber of Commerce and the Conservative Business Association) as a result of a fierce critique of local government in the region, and has not been accompanied by genuine commitment for collective, two-way learning along the lines suggested by Cooke or Hastings. Consequently, despite the rhetoric of ‘partnership’ which has been built into the KWCC’s vision of restructured regional economic governance, it became quite clear that the desire was to replace one form of governance (supposedly bureaucratic, cumbersome and public sector-led) with another (seemingly flexible, innovative and privately-led).

At the very basic level, the critique of local government by the business community reflects antagonistic relationships between the private and the public sector:

“The business community is frustrated with local government leaders from the point of view that these leaders are very parochial. They are very much into protecting their turf, even to the point of forfeiting well-documented savings that potentially exist when rationalisation of services can happen” (KWCC official).

However, with regard to economic governance and state-capital relations as part of it, the idea of the business community has been to, in essence, ‘privatise’ the decision-making procedures within newly-created institutions:

“Our concept says that municipalities have to be at the table...within this new economic development organisation. But from a decision-making perspective *they should be a minority*, so we’re looking for a structure that’s very much one that says ‘you need to have your key business leaders; you need to have representation from your colleges and universities; you need to have representation from labour; and you need to have representation from municipalities. But if you do the numbers on that the majority from a vote and size perspective would be private sector people.’ Our fundamental belief is that business can do a better job of creating business than governments can” (Executive, local financial firm in Kitchener).

“The issue is looking what has been done in the past in terms of economic development and saying ‘it could be done much better.’ The whole issue of retention hasn’t been very successful. Certainly attraction hasn’t been very successful. Certainly there is a role for land banking and servicing, but beyond that we’re looking at joint marketing; a collection of data; and certainly the issue of funding and advocacy position. I think it comes down to business believes it can do a much better job. The local governments have had many-many years to do the job and it just hadn’t happened” (President, K-W Chamber of Commerce).

Business belief in the incompetence of government thus militates against the possibility of policy *synergy* between different actors. Thus, the notion of partnership is not borne out of mutual trust, but is induced rather by an atmosphere of tension between the public and the private sectors. Such an atmosphere does not bode well for a ‘networked’ form of economic governance.

Certainly, the broader process of state restructuring has had an important impact on the discourse of the business community, represented by the KW Chamber of Commerce, in its effort to present itself as a leading local economic development agent, and as the key partner in new institutional forms:

“We have to recognise that what is happening to government and its ability to raise cash and fund new initiatives is being adversely affected, so we’re saying that as a community we need to do a much better job of spending money on economic development. So the other part of the private sector philosophy is that business leaders will be able to manage this process as we’ve all had to do so as business leaders: more efficiently with potentially less resources” (KWCC official).

In addition, another private sector firm representative commented on the realisation by the business community that the ‘rules of the game’ have changed, and that the scales of governance are shifting in important ways:

“The chamber is taking a leadership position on number of issues such as economic development, education, health care and skilled labour shortages. I think that by and large we too often ran to government as a solution provider, when in fact the ability of government to come up with solutions is extremely limited, if not obsolete. Their structure and mentality do not have, unfortunately, the ability to think in those terms. I think an important lesson of this whole thing is that we’re being forced to look beyond the conventional structure of government because they are obsolete. And in a larger, global context, we know that two levels of government are important now: the supra-national and the city-state. Everything in between becomes mush.”

And as another KWCC member suggested:

“It’s very much a transitional period. It’s transitional in two respects. The first one is that governments often see the need to bring in other private ‘partners’, as a way to supplement budgets that are being hammered [and] that are being contracted. But they don’t understand that this change is much more significant than supplementing their local economic development budgets. First of all the methodology has to be a community effort. And when I say a community effort, it should be very much driven by the private sector, but it goes beyond the private sector to the broader community: to quality of life things, to education, to cultural services, to things that fundamentally make a community work. And local government is in many ways an important actor, but it’s really a minor actor when you look at the big picture.”

Thus, partnership formation in the CTT points to relatively little willingness on behalf of the business community to engage in a process of exchange and learning with other actors, primarily local government. Rather, the struggle to re-shape the institutional foundations of economic governance in the CTT has taken an adversarial form, and has exposed the ambition of several leaders in the regional business community to mould a process of governance which would fit ‘business ethics’, loosely defined.

Consequently, it was not surprising that KWCC’s proposal to create a new regional ‘partnership’ for economic governance met with substantial resistance.

Interestingly, this resistance came from both the public sector (the individual city

councils) and from other segments of the business community (on which see the next subsection), who dismissed the proposed model as politically unrealistic.

Public sector reaction to the KWCC proposal of creating a new institution of regional economic governance was sceptical from the beginning. Given the long-entrenched tradition of local autonomy such reaction is not surprising, as the delegation of authority to a new, regional body would be signify a loss of autonomy. Beyond that rationale, however, the involvement of KWCC in articulating a refined model of economic governance and a new public-private partnership, has left many within the public sector sceptical about the ‘workability’ of the proposed model, indeed its very desirability, as well as the genuine motivation behind the chamber’s newly-found local leadership.

In particular, the intertwining of governance and economic development issues, as was articulated by the K-W Chamber of Commerce left many within the region with the impression that the ‘real’ agenda behind the business community’s recent sense of local activism was the initiation of a municipal amalgamation process. Indeed, such concerns are not unfounded given that some segments of the private sector in Kitchener and the City of Waterloo have long viewed the existence of two separate municipalities as inefficient, costly and unwarranted. The prevailing line of thinking in that regard has been that municipal amalgamation, at least between the cities of Waterloo and Kitchener, should result in significant lower business taxes due to savings, thus encouraging greater competitiveness and better business climate. This view was almost unanimously rejected by local officials, and consequently, the particular institutional form related to regional economic governance has remained a subject for on-going debate and disagreement. As one senior official in Kitchener has reflected:

“The chamber’s model of governance...I think it’s a very simplistic model they’re looking at. They haven’t thought out enough the difference between what a

marketing body should do and what a governing body should do, and they were sort of mixing the two thoughts without a clear direction of ‘who was still going to deliver what.’

And as a senior official in the city of Cambridge has argued:

“We’ve always had a strong economic development office here, and to give it up, that’s not what we’re looking at. The report of the Chamber...we didn’t buy into it for a number of reasons, one of them is our concern with local autonomy. And if we’re only going to be a ‘parks board’, which is what they had suggested, well...forget it! It’s not going to happen.”

In addition to such scepticism from the public sector and from the different city councils, which was perhaps unsurprising given the particular history of the region, the chamber of commerce’s model was also subjected to some serious misgivings by others in the business community, again re-enforcing the notion that coalescence around a unified regional economic development agenda by the private sector was limited. The following remarks by the president of the Cambridge chamber of commerce are instructive in that regard:

“In terms of the concept [of economic governance], everyone can look at it and say ‘yes, there should be more private sector involvement and funding.’ Those are kind of ‘motherhood’ perceptions, that the business community knows what’s best for the business community. So I think the concept of everybody working together in the entire CTT area and having more private sector [involvement] is an excellent concept. But in terms of the specific model that the K-W Chamber put forward, I wasn’t so sure that it was going to work politically. And that’s the biggest thing: the K-W Chamber wanted the cities to fund this enterprise, at least for the first year, but didn’t want them to have a say in it! Politicians don’t work that way. So it was politically naïve...it wasn’t going to work that way.”

The arrival of Communitech to the regional political scene may have changed some of these dynamics, at least in a limited, way because of the greater clout and prestige associated with a high-technology-led institution. Here, emerging local actors may have contributed in a limited sense to the changing regional development trajectory by

forming a visible and prestigious alliance which other actors, from both the private and the public sectors, could not afford to ignore. As the mayor of Cambridge revealed:

“There are two organisations that came on the scene. One is Communitech, with a strong technical background, and very aggressive, and CTTAN. And they’re going on the CTT name, and they have much more aggressive boards [of directors] compared to what the mayors and the CAOs have been doing. And there’s a strong feeling with some of us that the CTT [the public sector] should be talking the lead role here. So it’s important that we have them, but they should be part of the overall picture, not trying to be the lead role that they are.”

And as a Communitech member bluntly put it:

“By virtue of our size and by virtue of the impact we have on our economy, we get their attention. And every politician wants to be part of a success story. If you talked to the politicians who have been part of it, they’ll give you different stories why they’re in it, but the bottom line is they want to be associated with this type of industry.”

Again, however, the evidence points to uneasy public-private relations, despite the growing clout of Communitech and the high-technology sector:

“An organisation such as Communitech doesn’t really represent the region. They represent the city of Waterloo” (Senior official, City of Cambridge).

“Communitech and CTTAN and some of the other organisations set with us when we were getting the organisational structure of the CTT, but then they go their own way. There’s not a co-operative kind of thing happening. One of the things that’s happening is that there’s an expectation that the municipalities would continue to fund these organisations. Well, if we have no say in what they do...and it’s little difficult when you see them not really co-operating with the CTT and us as we try to restructure the institutions here” (Senior official, City of Kitchener).

In such a way, the process of altering the structure and scale of economic governance in the CTT region has exposed the limitations to ‘collective synergy’ which seem to exist in the region. The emergence of KWCC as an important political actor, and later on the appearance of Communitech, may represent a growing desire of a new ‘territorial social bloc’ to re-shape the scale of governance in the CTT. The re-scaling project in the region

has been perceived to be of importance in order to synchronise the CTT with emerging an accumulation regime, in which 'region-states' become increasingly important active agents. However, the evidence suggests that the co-ordination and reutilization of different actors into coherent institutional forms have proved problematic because of the vastly different perspectives and interests held by different power bases within the region. A third dimension of these 'networking' efforts relates to the relations between associations, business interest groups and fractions of capital in institutional formation, and the discussion now turns to examine this aspect.

3.3 Inter-Associational Relations

The diversity of the CTT's economic structure, characterised by the somewhat unique spatial division of labour between the City of Waterloo (exhibiting strength in electrical and electronic equipment sector, financial services and education), the City of Kitchener (with its rubber and food industries), the City of Cambridge (specialised in heavy manufacturing, auto part industries and distribution companies), and the City of Guelph (education, auto parts and heavy fabrication industries), has given rise to particular patterns of business organisation and institutional forms. In addition to three chambers, representing specific territorial entities (Kitchener-Waterloo, Cambridge and Guelph) and particular ('traditional') industrial sectors, the emergence of associations such as Communitel, CTTAN has represented the growing awareness of technology-oriented firms to the need of collective action in order to support the exchange of information, transfer 'best practices', create community awareness, and lobby government for adequate infrastructure, technology policy, export assistance, and support for training and skills creation.

In addition, the institutional tissue of the CTT is complemented by the presence of the Ontario Centre for Environmental Technology Advancement (OCETA), a partnership between the federal and provincial government, environmental firms associations and other private sector partners, which provides services for small and medium-sized enterprises in commercialising new technologies, identifying market niches, and in strategic planning, access to venture capital, and linkages to networks of R&D throughout the province. As well, the CTT benefits from the activities of ViaTech, a consortium of specialised service firms in banking, accounting, law, marketing and new product development, which provides support for knowledge-based industry in southern Ontario. In the CTT, the ViaTech network combines specialised technology law firms, export support firms, international technology-oriented marketing agencies, specialised technology-oriented and knowledge-based banking and financial services, and the local branch of the Canadian Industrial Innovation Centre, an agency supported by Industry Canada and charged with providing services to innovative companies in the execution and commercialisation and licensing of products.

Thus, towards the late 1990s, the CTT's institutional infrastructure has become more hybrid, diversified and complex. Beyond the quantitative aspects of institutional presence, however, in what ways does this institutional structure resemble 'thickness'? In other words, what is the degree of *integration* between different associations, what is the extent of collective action, and to what degree can we talk of a 'dominant accumulation strategy' within the region?

The contribution of the regulation approach to this analysis might be helpful here because of its emphasis on the institutional mechanisms through which particular accumulation regimes are stabilised, at least temporarily (Lipietz 1987; Florida and Jonas 1991; Jessop 1995). A particular contention is that the stable functioning of a dominant

accumulation strategy requires an ability to secure consensus among varying interests (Jessop 1990). Although this does not mean that conflict is subsumed, or becomes muted, it does suggest an overall acceptance of an over-arching ‘growth model’ within which competition can occur, as long as it does not undermine the overall strategic framework (Jessop 1990). More recent work on local and regional economic strategies has refined those contentions and has made them more relevant to sub-national scales of analysis (Horan and Jonas 1998; Jessop 1997; Jonas 1996; Peck and Tickell 1995). Jessop (1997), for example, has drawn on neo-Gramscian frameworks to suggest the concept of ‘hegemonic bloc’, to refer to “unity of...social forces” (p. 56), and to suggest that:

“An hegemonic bloc is a durable alliance of class forces organized by a class (or class fraction) that has proved itself capable of exercising political, intellectual, and moral leadership over the dominant classes and the popular masses alike” (Jessop 1997, pp. 56-57).

While this view may project a structuralist perspective on governance in that it accords a somewhat deterministic role to particular interest groups in society to the neglect of struggles and compromises, it has nonetheless important implications for the process of governance since for economic governance to be effective (‘get things done’, to put it simply), some basic level of consensus on economic strategy must prevail.

Jonas, drawing on Jessop’s work, has commented on the importance of analysing the relations between fractions of capital in economic governance:

“The emergence of conflicts among capital fractions would signify a period of economic and political instability characterised by competing accumulation strategies. The analytical focus is shifted away from the general characteristics of and economic growth model to the particular interests, institutions, conflicts and practices involved in the reproduction of that model” (Jonas 1996, p. 619).

Such a perspective may prove useful in examining the relationships between different private sector interests in the CTT region. Undoubtedly, the 1990s have seen a

remarkable growth in the presence and visibility of business associations involvement in constructing a model of economic governance in the region, as the discussion in previous sections illustrated. Such a process reflects the internal (changing) dynamics of the regional economy, with its internal spatial division of labour, the contraction of manufacturing, the rise of services, and the growing emphasis on knowledge-based industries as engines of growth in policy discourse. While I do not want to go as far as arguing that relations between different associations and business organisations signify a ‘period of political and economic instability’ (primarily because instability is a vague and unspecified concept), current patterns of interest group relations do point out to the internal tensions involved in institutional change.

Indeed, it would be surprising if this were not the case, given the patterns of inter-municipal and public-private relations outlined in the preceding discussion. In particular, the issue of integrating business associations and organisations into a more or less cohesive network in which collective action can be decided upon and multi-actor synergy might take place has proved a formidable task. At the most basic level, this has been pronounced by the perception of those involved in different associations that institutional proliferation was a sign of the region’s organizational weakness, and a legacy of regional fragmentation and institutional deficiencies, rather than contributing to institutional ‘thickness’, added social capital or strengthening the collective order of the CTT. The following comments from key local actors in the region are instructive of such a frame of mind:

“The CTT has not realised its full potential representing the local high-tech community, so this summer we had Communitech come along. So gee, now we have CTTAN, we have Communitech, we’ve got CTT, all claiming to be representative of "X" industry. They tend to be falling all over each other. So, again, we created more organisations...so we got four municipalities, we got an association, we got CTTAN, ViaTech, OCTEA, all falling all over "X" number of clients...the same clients. So every time a different group occurs because it makes sense for it to come about, it doesn’t necessarily buy into the CTT

concept...you're asking for an horrendous amount of co-operation to make the CTT work" (Senior official, local branch of the Ontario Ministry of Economic Development, Trade and Tourism).

"I think [the appearance of different associations] presents a problem because it diffuses and splinters the ability to speak in one voice. When the start-up board [for the new economic governance institution] started we ended-up having not only the government leaders on board and the chambers, who represent ninety percent of business around the table, but these other actors got on board as well: Communitech, CTTAN and CITE/OCETA as well. So there are three special interest groups now, and they're kind of nibbling around, trying to find 'how do we fit into this'? And it becomes very much a bureaucratic game now, because a lot of these are government initiated programmes, and those associations are going to have people that want to protect their positions. And that becomes an impediment to moving forward. And the chambers are a part of the problem because inevitably the question becomes to what extent the chambers should merge together at the CTT level" (Chamber of commerce official).

In response to this perceived threat of institutional fragmentation, several players in the CTT have been involved in creating yet another over-arching institution, named Community Enterprise Network, which was supposed to provide some venue for inter-organisational dialogue. However, this effort was also undermined by the non-collaborative attitudes characterising institutional players:

"[The purpose of the Community Enterprise Network was to] bring together representatives of all the stakeholder groups that are involved in assisting business and having stake in economic development together, but it's a little bit like herding cats in that everybody is very independent, everybody is wants to do their own thing, and there's no single integrating vision of what to do. The CTT I think had a vision to try and project this area as a technology growth area, but the detailed workings of doing that have not evolved because there's been a shortage of political participation and a shortage of high level business participation" (CTTAN official).

"We've tried to develop a community enterprise network, comprised of people working in the banks, accounting firms, the legal profession, universities, CTTAN, Communitech...but we're still not there yet. There are a lot of different agencies and the challenge has always been to try and pull them all together, to get them all working together. It's been difficult" (OCETA official).

Beyond the mere problem of co-ordination in a multi-actor environment, two deeper issues with respect to inter-associational relations and economic governance should be mentioned. Firstly, the dis coherence of capitalist interests alludes to the relative weak

position that the business community has had in issues of local economic governance in the Waterloo region. Indeed, the above quotations are indicative of the relative lack of enthusiasm that the business community has demonstrated towards taking 'strategic leadership' in a proposed new institutional ensemble. Such a pattern is perhaps surprising given the impression that city politics tends to be dominated by an overarching coalition of private and public actors, which one may get by surveying at least part of the literature (Cummings 1988; Judd and Parkinson 1990; Nash 1987). Certainly, within the conceptualisation offered by the 'growth machine' approach, and to an extent by urban regimes theories, business assumes a pivotal role in the local political arena because of its goal-oriented mannerism and ability to 'act strategically'.

However, in the story told so far on the 'Technology Triangle's experience with institutional change it would be somewhat of an exaggeration to claim that a strong coalition has emerged between the public and the private sector (as the previous section has demonstrated), or that the private sector on its own has shown a burning desire to assume leadership in economic policy-making. It is in fact hard to even talk of an existing or an emerging 'regime' either at the city or regional level. It seems more reasonable to accept the view of those working with the policy networks paradigm by which institutional arrangements vary based on the particular policy at hand (Coleman and Skogstad 1990). This is not to argue that power relations between actors do not exist, and that the business class does not have a stronger influence over policy-making than other segments of civil society. The particular configuration of such relationships is a contingent matter, however, and is shaped by continuous struggles rather than being 'there' *a priori*.

Secondly, institutional inter-business rivalry is an important factor in the particular development trajectory of the Waterloo region, and cuts across sectoral and

territorial boundaries. Such an institutional pattern became vividly evident during the debate in the region regarding the appropriate model for economic governance. As a chamber official recalled, one of the prime purposes of the chamber's renewed involvement in governance issues was its concern for the traditional business community which it represented:

“The Chamber of Kitchener Waterloo has about 1,400 members, and 80 percent of them would be small businesses and 20 percent would be large. We have only four or five knowledge-based companies. It's principally an organisation that's supporting what I would call 'traditional business lines.' So certainly our membership profile has induced us to embark on the economic development initiative.

We were looking at what traditionally had been our business base, which is also reflected in our client base, and saying that our business base is continuing to evolve, and certainly continuing to shrink, so in part it was driven by our executive board and the people in the committee looking at the traditional form of businesses within our community and saying 'they are changing, and changing dramatically, and unless we do something different those traditional sources are going to disappear, and we will not have anything, traditional or otherwise, to replace them with. So it was driven, for the most part by a recognition that our traditional business base was changing, and that we needed to look at how we could preserve the core businesses that we have and then re-invent new business to fill the void where business was either consolidating, shrinking, or dying.”

In addition, as chamber officials argued, KWCC decided to engage in economic governance issues in order to re-define and protect its own viability as a business association in response to the emergence of other (competing) associations:

“I guess the chamber's position, and why we're doing this, is we're trying to get more and more involved in local politics, to be the voice of local business, and certainly solicit feedback from members to figure out what they want and then put it forward” (Chamber official).

“Certainly the success of the chamber is really a function of the prosperity of the region. So certainly this isn't a selfless or altruistic position because it's going to help us to secure our future. What it does is allowing us to raise the issues and raise the public profile of the chamber, and even if in the intervening period we may not be successful in increasing the overall prosperity of the region, it is giving more and more profile to the chamber” (Chamber official).

Thus, the impetus for institutional change had strong relations to local economic restructuring, and its effect on the politics of business interests representation in the region.

In addition, the process of institutional change continued to be hampered by traditional territorial cleavages, primarily between KWCC and the Chamber of Commerce of Cambridge. As a Cambridge chamber official noted, tensions between the two organisations were partly based on different conceptions of the role the private sector in governance:

“We stated publicly that while we support the concept [of regional economic governance] we did not support the paper that the K-W Chamber put forward. There were a lot of reasons why we thought it wasn’t feasible. The 25 member board of directors wasn’t going to work, and what they were expecting from municipalities was too much for too little in return. They kind of had the attitude ‘we’re the private sector, we know what’s best.’ That’s not always true!”

However, territorially-based inter-institutional distrust also played a key role in forestalling a common regional industrial agenda:

“I think there’s always a concerns that we were going to be swallowed by the K-W Chamber, and that’s a reflection of our city. Our city always feels that we’re going to be swallowed by Kitchener and Waterloo. We pride ourselves on the way we do things here. We think we do a lot of things we do here that are better than they do [in Kitchener-Waterloo]” (Cambridge chamber official).

“There’s a lot of resentment in the Cambridge business community towards the ‘North of the [Highway] 401’ as we call them here” (Executive, financial firm, City of Cambridge).

“I think it’s very evident in what they do that it’s in their agenda to take over the Cambridge Chamber of Commerce. I don’t think Kitchener has qualms at all about taking over Cambridge and running the whole thing. I think, for example, that Kitchener wouldn’t have any problems with having regional government looking after the entire area” (Former president, Chamber of Commerce of Cambridge).

This pattern of inter-associational distrust was also acknowledged by KWCC officials:

“The Cambridge perspective...I don't think we got much participation from them, and we certainly didn't get much support from them. I guess it's because some of the recommendation went against the Cambridge xenophobic frame of mind. I don't think there was full discussion of the issues down there. They also want to do their own thing...they want to maintain their own independence and they don't want to cede any power or responsibility. It could be also because Cambridge has a bigger percentage of manufacturing in their economy and in their chamber. There are significant numbers of multi-nationals there. Kitchener-Waterloo has a much more diverse business base than Cambridge does. But I think they just don't want to be swallowed up” (KWCC official).

“There really hasn't been any discussion about it. It's been very parochial, especially with Cambridge. There is a phrase “the 401 is like the Sauerkraut Line” meaning that Cambridge is very parochial and insecure. I think it's really the history. Cambridge has been amalgamated out of three communities and that was a 'shotgun process.' But there's a line between rhetoric and self interest, and it's easy for people to keep positions in those organisations because they're identified with the name Cambridge” (KWCC official).

In addition to these territorial cleavages, the growth of the high-technology sector, and its concurrent (and emergent) political strength, as has been showcased by the high-profile activities of Communitech, was perceived as a threat to the traditional hegemony of the chambers of commerce in local politics, thus hampering further the ability of different interests to agree on a coherent economic strategy. One interpretation of the troubled pattern of inter-associational relations might be that these are predicated upon the different accumulation interests of different business profiles. The Kitchener-Waterloo Chamber of Commerce, for example, continues to represent the traditional small businesses and retailers constituency, which are characterised by high degree of local dependence, and as such very local issues of zoning regulations, development charges, business tax rates and retail development dominate the agenda of its membership profile. Associations such as Communitech, however, are mostly outwardly looking, and the spatial scales which occupy the concern of its members are remarkably different, as most of the linkages of technology-oriented firms in the region extend far beyond the CTT region (Jung 1995).

Such differences in the spatial dimension of accumulation strategies became quite apparent during the debate that emerged in the CTT regarding the appropriate institutional form for economic governance, following the Kitchener-Waterloo Chamber of Commerce's campaign to create a new regional development agency in 1996. Certainly, within the domain of economic development policy-making and related institutional development, the chamber's vision for the region naturally placed itself at the centre of a new public-private partnership, as well as at the heart of the business community as its cardinal champion. The emerging prowess of Communitech thus did not sit well with the Chamber's vision and plan for a new institutional configuration, and represented a troublesome development from KWCC's perspective:

“Communitech was basically initiated by three people, and high tech is a very attractive sexy topic now, so it's very easy for them to go to key actors in the community and say ‘we're setting-up this technology association. Join us!’ And they join them because it's very difficult to say ‘no.’ *It's very dangerous to be perceived as not being part of that.* So a lot of people are kind of wondering what's going to happen with that” (Chamber official).

And as another chamber official recalled, the chamber's model of economic governance failed to excite the technology-oriented sector:

“The [technology-based firms] really didn't have a concern for the same sort of issues that we had. Their issues seemed to very much stem from having adequate human resources, so they had issues with respect to what the universities were graduating in terms of capabilities. They had a major issue with respect to the government and what it was doing to support R&D in the universities. A third piece for them was really the infrastructure and whether or not the resources, in terms of infrastructure were there to support their businesses. They really didn't candidly give a damn whether economic development in our community was preserved or not. They tended to look beyond the regional market place and their need wasn't broad in terms of employment, so this was not a hot item for them”

As much was admitted by a member of Communitech, who initially remarked that “one of the mandates of Communitech was to be an effective partner with all the other associations.” However, as was quickly revealed, coalescence between different

association was hard to come-by: “The Chamber of Commerce is the voice of business, so they worry about every aspect, and they don’t have a particular focus. We only worry about technology. This is all we think about!” And as another high-technology executive suggested about the relations between business associations:

“I think that it has not been as co-operative as I’d like to have seen it. And I think that what we’ve done and the speed in which we’ve done it have shown some deficiencies in the chamber. I’ve read a lot of their documents on regional economic development model...and they’re not that practical in terms of their approach, and they tend to be driven from the purpose of trying to appeal to a whole bunch of people. Whereas I think where Communitech comes from, and the suggestions we make...the technology industry tends to be a little bit more selfish, and tends to...just do and say what needs to be done.”

And as another Communitech member commented:

“We certainly support a single organisation that would focus on external marketing. External marketing is really what we would like them to do. It’s what the Ottawa Economic Development Corporation does on behalf of Ottawa. We don’t believe that the CTT should start running programmes because they really don’t have this particular expertise or focus. What is making our organisation successful is that we’re focusing on a very narrow and very specific, but growing, opportunity”

As mentioned above, the outlook of different business interests is strongly connected to the spatial spheres of accumulation which characterise different institutions:

“The problem that you have is that with a broad business base, and a different agenda, trying corral individuals and organisations that believe that they can do a better job solely within their micro-area, as opposed to being part of an institution that’s looking at a broader base need for economic development...So part of it is [high-technology firms] saying ‘we really don’t care about all of this fluff, we really don’t care about seven layers of government...if we do things right we’re going to make so much money that we really don’t care about that; we’re more focused on what the feds and the province do as opposed to municipal issues. We really don’t care about whether or not existing labour that’s been displaced finds a job because we’re looking at the University of Waterloo and other schools to support the needs that we have, and we’ll do what we have to do to support those schools...’ So part of it is strictly a philosophy, but part of it suggests that unless there’s a better way of co-ordinating [the institutions] we’re not going to maximise our effectiveness” (former president KWCC).

Such perspectives also bring to the fore another element of difference which has worked to de-stabilise associative patterns of governance in the CTT, namely different corporate cultures that (once again) resulted in quite contrasting patterns of perception regarding the appropriate scales of institutional engagement, the politics of representation, and the meaning of ‘community.’ Consider, for example, the following comments by a consulting firm executive who has been involved in the KWCC and in efforts to build a regional partnership:

“I think [the] culture [of the high-technology sector] is different. A lot of the high technology companies are led by young, aggressive entrepreneurs. They want results yesterday. So for them to look at the molasses flow of government is just infuriating, so they would be very much into...this...*industry* kind of forum. And secondly, they are very young in the sense that they don’t understand that they too live in the community, despite the fact that they may deal with business internationally. And I assure you, we have the highest density of manufacturing in Canada, and we have businesses that are incredibly successful, and people don’t even have a clue about them! They are doing business all over the world, and they aren’t deemed ‘high-tech.’ And these people realise the importance of community. And secondly, the definition of high-tech is very fluid. We have members like ATS, for instance. Well, what the hell is high technology? I can show you all kinds of manufacturing operations that are basically robotics. So what is high technology?

So that pulls a kind of a strategic dilemma for us because when it comes to Communitech, the issue is how do you partner with them without giving them more credit, because quite frankly their mandate is becoming very loose right now. They’re saying “we’re high technology, and we’re also suitable for those companies that support high technology.” Well, that’s everybody! We’re all inter-related! It almost becomes laughable. And that raises the question: “why are you duplicating the work of the chamber of commerce”? For me the big issue becomes why are these groups undermining the very goals that we care for?”

And as another chamber member recalled:

“I met with eight of the leading high-technology companies in the community and we were going on about the lack of general physicians in our region, and they all of a sudden said “Oh my! We were just setting up an initiative on that.” I said, “in all due respect, you can get together and have a coffee about the lack of GPs in our community. We’ve [at the chamber of commerce] had discussions about it with the minister of health about it. Now what would you rather do: have coffee, or talk with the minister about it”? This is something that comes out of a spirited culture of ignorance. *They know their businesses but they don’t know their community.* That’s part of the nature of the high technology beast.”

Indeed, the relationship between corporate culture, spaces of engagement and the perception of ‘community’ has been something that players from the high-technology admitted to be struggling with. This was especially the case since Communitech has used a discourse of ‘community concerns’ in its rhetoric, but has found it hard to become a close partner within a (proposed) overall framework of associative governance:

“An organisation like Communitech is privately funded, so we are doing what are members want us to do. We don’t ask for permission to do things from the mayors or local MPs. The membership says ‘we want to run programmes like this’, and we are driven by a bunch of private sector entrepreneurs, and sometime it creates problems precisely because we have a fair amount of success. So although we do want to work with other organisations in the region because we don’t want to be perceived as ‘out on our own,’ we are very focused and there’s no doubt what we need to deliver” (Communitech official).

The capacity of different power bases within the community to create a workable and relatively stable forum in which (albeit limited) forms of associative governance could be exercised has thus proven to be limited. The difficulties expressed in this regard have included traditional territorial cleavages within the region, particularly between the manufacturing-oriented Cambridge Chamber of Commerce and the small-business dominated KWCC. In addition, as we have seen, KWCC’s attempt to establish leadership in terms of reforming both economic and more general governance issues was answered by a considerable degree of scepticism by other segments of the business community. As well, the different spatial outlook, the accumulation needs and perceptions held by different fractions of capital, manifested most vividly by the uneasy relationship between Communitech and the chambers of commerce, proved quite difficult to overcome in the process of institutional change.

Given such an experience, although regime theories offer a significant advance over the rather instrumentalist and somewhat deterministic perspective of the ‘growth machine model’ in that they draw attention to the more open ended nature of urban politics, they also fail to take into account the *spatial* aspects of institutional change. As

we have seen, the very definition of the scale of collective action for associative (and other forms of) governance contains internal tensions which may undermine the very emergence of a 'regional regime'.

Nor do associationalist theories, the institutionalist paradigm or the social capital model provide satisfactory explanations of the process of institutional change because of their relative neglect of conflictual issues and their under-theorised notions of space and scale. As the discussion concerning inter-associational relations in the CTT has shown, both elements—the lack of consensus between private interests, and the spatial outlook of various actors—remain, at the time of writing, unresolved. Consequently, the formation of common industrial agenda, the synergy and mutual learning capacity of different institutions, and the assembly of institutional 'thickness' have taken an extremely tentative and fragile character in the CTT region.

4. Concluding Comments

In conclusion, the re-shaping of institutions in support of economic governance in Canada's Technology Triangle has taken a particular form in the 1990s. The central argument of this chapter has been that institutional development, and attempts to create the infrastructure for some form of associative behaviour, was centred around creating a regional scale of engagement against a history characterised by the salience of 'four solitudes' (Kitchener, Waterloo, Cambridge and Guelph). In order to achieve that purpose the primary task was the integration of a network of local governments, the Regional Municipality, and a variety of private sector interests and organisations into an institutional structure that would facilitate collaboration, combine the resources of different actors, and help the region to establish a stronger presence within a wider political economy.

The drive towards building regional institutional infrastructure in support of economic development reached perhaps a symbolic climax during the municipal election of 1997 when economic development became one of the top issues on the political platform of candidates throughout the region. This was perhaps surprising given that the conventional wisdom in Canadian urban studies holds that economic development as a policy arena and a political issue occupies only a marginal position in local politics. In the CTT region this was certainly not the case during the 1990s. The following editorial reflects the importance that was attributed to regionalism and economic governance by certain members of the business community, and the active role taken by the local newspaper, *The Kitchener-Waterloo Record*, within the overall efforts to re-make scale:

“The global economy is knocking on the door bearing gifts of jobs and prosperity, but Waterloo Region and Guelph are napping on the couch. We, the self-styled residents of Canada’s Technology Triangle, succeeded in building here the new industries of high technology and the information age. But growing bigger, we grew complacent and uncompetitive. Now we are being beaten at what we thought was our own game.

The doubtful and fragile state of this area’s economic health should be understood by everyone voting November 10. Those elected can decide whether we become a dynamic, regional economy that acts on a world stage, or split up into a number of small, irrelevant two-bit players.

...What we need desperately is a cohesive, co-ordinated economic development strategy that gets all these players together. And to do this, we need one organisation leading the charge for economic growth, one group representing Waterloo Region and Guelph with public and private sector members... We can prosper as one. Or we can stagnate individually” (Editorial, K-W Record, Nov. 6, 1997.)

While I do not wish to go as far as Cox (1995) in arguing that the ‘new urban politics’ is about local economic development, it does seem fair to suggest that at least for a limited period of time, economic governance came to the fore of the political agenda of the CTT region. However, the analysis in this chapter has demonstrated the considerable obstacles to institutional change and associative governance that exist in the region. These included the relative lack of trust—one of the fundamental qualities of ‘reflexive capitalism’—between local authorities; the atmosphere of mutual suspicion between

public and private actors; and the fundamental differences in perceptions related to scale, community and economic governance held by different private sector associations.

I am not suggesting, of course, that the achievement of institutional coherence and a 'united voice' would have been necessarily a desired outcome. Such a state of affairs often builds upon the systematic exclusion of non-corporate interests in order to achieve a 'common agenda,' and often comes at the expense of tackling the challenging task of inequalities based on ethnic, gender and class differences. In this context it is perhaps interesting to point to a somewhat unique interpretation that one CTT official offered. According to this view, institutional fragmentation and a lack of a single, overarching 'territorial voice' can, in fact, be an asset to the community:

“What’s evolved is a model here, for better or for worse, which is...not as efficient as it could be, but it still works very well, and what it does it gives people the ability to...interact at a neighbourhood level, at a broader community level, at a municipal level, at a regional level, and we hope through the CTT gives them the opportunity to get involved in a supra-regional way. But I don't think, and I've never believed in the notion that there is an overlying recipe or paradigm, or construct, that is going to dictate how these things will evolve. What I think could happen if you try and push together towards a single integrating vision...what you get is a fusion product with a lot of dissipated energy that really...there's no way of harnessing that. What I think you need to do is build on a community basis a model which allows for the [growth] of a devolved structure with certain key areas of agreement that everybody can agree on, and allowing certain functions to go to certain specific level, and it's very cumbersome and it's very awkward, and the politics of it is very messy, but that's natural. That is not something that you overcome, that's a natural sign of a maturing political process.”

Such a vision comes quite closely, in a real world situation, to the associationalist view of governance. However, it should be re-iterated that this represents a minority view, certainly within the context of this research, where most interviewees have expressed concern for the overall lack of consensus, and for the fact that 'one regional voice' continues to elude the CTT.

Finally, the argument in the chapter locates regional institutional change as an outcome of the complex interplay between different scales of governance. While local pro-activism has always been important to the economic development trajectory of the region, as demonstrated by the unique position of the University of Waterloo in the region and the entrepreneurial mind-set of certain individuals (such as Doug Wright, the first chair of the University's Department of Civil Engineering and later-on its president), these have been mediated by the changing regulatory environment cast by higher levels of governance.

In the first instance, despite being an innovative institutional formation involving voluntary collaboration between four cities since 1987, the CTT remained quite a limited undertaking as a mechanism for encouraging networking and associative governance. It was not until that federal government technology policy initiatives were introduced, some ten years later, that more meaningful partnership developed between local state and private sector interests in the form of CTTAN.

Likewise, the regulatory environment set-up by the provincial government is also implicated in institutional formation at the regional level. In particular, civic leaders in Ontario's city-regions, are becoming increasingly aware, it seems, of the changing 'rules of the game' constructed by the provincial government: at the most fundamental level, a relatively uniform system of provincial financial support to cities is gradually being dismantled. In its place, provincial grants for specific projects may be allocated, but securing those require city-regions to compete for provincial attention, present a 'convincing' case and demonstrate community-wide support for the project. The case of the CTT2000 project is instructive in that context. During the 1990s the provincial government rejected three applications by the region's actors to provide a \$1.6 million grant to meet the cost of financing a regional electronic network that would have linked

different institutions throughout the CTT. The important point in this context is a certain interpretation that followed this failure and seemed to prevail amongst leading players within the CTT. This interpretation held that it was becoming crucially important for the CTT to speak in one 'clear' voice, and realign local institutions in order to facilitate a working *regional* coalition consisting of local public officials, the private sector and the universities. Consequently, the experience of CTT2000 provided an important impetus for those who have argued for a restructured institutional structure for economic governance in the CTT.

However, the interplay of different scales of governance has had contradictory implications for the prospects for a truly *associative* form of economic governance in the CTT. Just as the regulatory context provided by the provincial government seemed to push different interest groups within the region to recognise an associative imperative, the particular ideology which has been implicated in this regulatory context proved to be discouraging for the inclusion of non-corporate interests in regional economic governance. In particular, neither community groups, social planning councils or labour interests featured in discussions regarding institutional development in any significant way, and consequently were not represented in new institutional vehicles. As one actor within the CTT commented, the atmosphere injected by the Conservative provincial government since 1995 worked to *dissociate* rather than associate divergent interests, and discouraged labour from participating in regional economic governance:

“There was a lot of tension when ‘Workfare’ was announced. All of a sudden it was labour versus business, and it was very, very clear.”

Thus, the particular ‘social mode of regulation’ created by the policies of Mr. Harris’ government, which was largely based on the premises of ‘business friendly environment’

and an anti-welfarist agenda, has had important implications for the particular institutional form which has emerged in the CTT.

The restructuring of economic governance in the CTT has thus been shaped by the complex interplay of different levels of governance. In such a way, the CTT's experience in institutional formation provides an interesting example of the way local or 'regional' institutions are embedded in a wider, and complex, political economy.