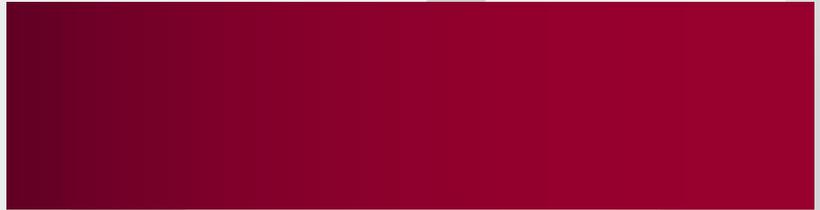




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Managing Change Through Regionalization: Lessons  
from Newfoundland and Labrador

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It has been 56 years since Newfoundland and Labrador became Canada's tenth province. In that time, governments have wrestled with the goal of providing prosperity and an improved quality of life to residents while simultaneously acknowledging the challenges that continue to place the province at the bottom of the economic pyramid. How can a province so rich in natural resources have the highest unemployment, poverty and illiteracy rates in the country? Why do we pay so little attention to the challenges of human resources and finding the kind of policy instruments capable of promoting and sustaining viable regions. Sorting out these complex questions involves tracing out the interplay of politics, economics and social forces, but from an "inside" rather than externally constructed universal framework.

It has been commonplace to assume that restructuring and change, whether regional or otherwise, occurs the same way everywhere. It is part of a convenient myth connected with universal frameworks that reflect urban ideas, institutions and ideas. These make it possible to ignore other realities and constraints, or impose new so-called "inevitable changes." In larger societies, there are other powerful forces that cushion the impact of new explanatory frameworks and make it possible to either oppose or soften negative outcomes. Civil society organizations have been built and supported to make sure that social diversity is not ignored in any effort to bring about fundamental change. These societies have the capacity required to control both the pace and direction of reform.

The imposition of any new framework or vision, whether in the form of regional policy silos or modernization, cannot be considered much of an advantage if there are few opportunities to renew governance in a way that is integrating and interactive. In the past, Joey Smallwood lacked both market and policy capacity. In response, he relied upon external experts, designs, and sources rather than finding ways to improve local capacity and social learning. All of this was legitimized by modernization theory and the power of the provincial state. Despite these lessons of the past, we keep repeating the same mistakes. There has been growing interest in the use of regional policy instruments, but little in the way of building regional capacity, more integration, and patterns of social learning. Regional integration has occurred in different policy silos, and they have tended to be products of the provincial state. These experiments have remained popular but they have worked against the capacity to learn together, and build shared frameworks and policy traditions. On the other hand, increasing the power of regions, their ideas, interests and institutions would pose a potential threat to the provincial centre. It may even be the case that some regions are unsustainable, or might require central participation, whether in the form of equalization or asymmetrical regions. It may also come to pass that different regions will move in very different directions. Whether these kinds of decisions should be reached at the centre, by experts, or the community-regional level is an open question.

From our perspective, the main problem with regionalization in the province is governance and the lack of opportunity to rethink, analyze, and constructively debate a popular policy instrument. We attempt to map out the realities we have built and to explore various options. The approach is comparative (across policy fields) and our intent is to break new ground to help foster a regional discourse and network. In the province of Quebec, prior to the Quiet Revolution, there was much fear that new modernization frameworks and models threatened their culture and sustainability. The Quiet Revolution was about developing and building capacity, both within the state and civil-society, learning from "best practices" but in a way that recognized and took advantage of historical

traditions and different circumstances. Quebec is also well known for building more integrated policy networks at the local level. Seen this way, it is time for Newfoundland and Labrador to gain control over their own ideas, interests, and institutions. It could begin by rethinking regional integration and the tendency to construct and sustain top-down policy silos rather than finding ways to build more collaborative, interactive, and independent regions.

Newfoundland and Labrador is unique, it has different market traditions (trucking system), it has a commission government, its educational and health services were provided by the Church. These inherited cultural and institutional traditions matter and must be considered in any new experiments. Germany in the 1920's collapsed because the country was ill-equipped for the new imposed regime. In the 1940's, the discussions over the Basic Law helped prepare a German vision that was integrated and workable. It accepted modernization but reflected German experiences. Eastern Europe never had these kinds of opportunities, nor has Iraq. The results have been disaster. We see much opportunity on the regional front and much opportunity to learn about what others have done. But regional integration decisions and outcomes must no longer be the product of insular politics. It is time to open up the process and build a network.

What has become interesting, at least to academics and policy makers, is how the province can best respond to changes in the various forces that shape decision-making for policy. Since the 1980s, the old Keynesian model of economic growth has been dethroned in favour of neo-liberal approaches to development, the embrace of globalization, the championing of market forces and the deployment of new public management practices in public service provision. In Newfoundland and Labrador, governments have reacted in varying ways to these new forces and challenges.

One of the most important responses has been the endorsement of regionalization in several policy fields for service delivery and decision-making. Beginning in the 1990s, provincial governments have adopted or supported the creation of regional boards and authorities in policy fields including health care delivery, rural economic development, education and municipal government. Regionalization was adopted by government as a strategy for coping with the challenges posed by globalization, the emergence of a knowledge-based economy, the hegemony of the marketplace and as a means of providing basic services in a more efficient and less expensive manner.

The purpose of the paper is to outline and evaluate how governments in Newfoundland and Labrador have managed political, social and economic change through the use of regionalization in four policy fields: economic development; education; health care and municipal government. Part one will discuss what regionalization is and why it is such a contested concept within political science. Part two will examine why regionalization was embraced in Newfoundland and Labrador. Part three will provide an overview of regionalization in the four policy areas under examination highlighting important legislative changes, Royal Commissions and other factors contributing to the establishment of new institutions. Part four will examine the similarities and differences in the regionalization experiences across the province. Part five will explore the policy lessons gleaned from regionalization through interviews with policy and decision-makers from the four policy fields. We argue that regionalization in Newfoundland and Labrador has been province centred, embraced because of political, economic and social crises and is a method by which government can use to reduce costs and avoid blame. As a result, other objectives associated with regionalization such as

increasing community capacity, or strengthening civic engagement never received the same kind of attention or resources. In our view, embracing a universal concept to defend the problems of key decision-makers makes sense from the historical-institutional perspective, but it might work against the longer term objectives of the province and regions. However, the choice of operating in separate silos undermined any chance for bringing together different interests in a way that might produce a common vision, or shared mental map. This has much in common with the Federal Liberals who manage to stay in power when the opposition was divided. In such a world, citizens are more spectators than participants, and there are missed opportunities to come together in a meaningful way to construct knowledge, identify key values and strengths.

## **PART ONE: REGIONALIZATION AS A CONTESTED CONCEPT**

As a concept, regionalization is not easy to define. The idea of regionalization is highly contested and shared meanings and understandings are difficult to achieve.

The key theoretical divisions revolve around (1) the role of the state and (2) whether domestic considerations affect socio-economic conditions more than international factors (i.e., globalization). Regionalization tends to be connected with the notion that old ideas, institutions and processes are out of touch and must be replaced, either incrementally over time or quickly through a regime change.

The terms regionalization and decentralization are often used in the literature to describe the panoply of reforms occurring within Canadian provinces. However, these terms do not mean the same thing. Decentralization is the dispersion of power and authority in public planning, management and decision-making from higher to lower levels of government. Decentralization can occur in the following manner: (1) **deconcentration** (administrative authority); (2) **devolution** (political authority); (3) **delegation** (managerial authority) and (4) **privatization** (service and program delivery). Regionalization is related to decentralization in that the former involves the adaptation of a provincial government's plans or policies for a geographically defined region. In Canada, regionalization involves elements of decentralization; for example, the creation of regional health authorities (RHAs) involves both devolution and deconcentration from the provincial to the regional level (Lomas, et.al., 1997).

Ideas about regional governance and public management have become popular as a result of globalization, declining deference and other factors. Those groups who support regionalization maintain that regional governance structures offer a vehicle for a more efficient and effective definition, provision and delivery of services. Disputes over shared meanings and understandings about regionalization are such that there is much at stake, and predictably, much disagreement over the kind of vision, processes and institutional structures required to pull together and take advantage of new challenges and opportunities. Debates surrounding regionalization have occurred repeatedly at different times and places. These can help to generate new critical insights on the barriers and facilitators of regional reforms. Understandably, regionalization is connected with a growing skepticism about the ability of the established traditions, processes and institutions to control costs,

to respond to the development needs of local populations, and to be more accountable, cooperative and innovative.

The discourses about regionalization are comparable to conceptual debates over democracy, justice, or federalism which have created much confusion but reflect competing agendas and the realities of pluralism and social diversity within society. In these kinds of debates, the framing and advocacy of values reflect clear preferences and assumptions about political authority and power but may be presented by champions as empirical facts. As with most popular notions, the regional idea reflects the assumptions, power, culture, or institutional strengths of those competing for influence and the success or failure of new reforms will be influenced by the strength and autonomy of old pathways (Tomblin, 2003). Since they are outsiders pressuring for structural change, proponents of regionalism must find ways to contest old systems of knowledge creation and other institutional and cultural constraints. Success or failure of any movement depends on issues of autonomy or the capacity for political mobilization. There are different theories on when and how political-policy change occurs.

When studying regional forms of pluralism and governance, it is important to recognize that much of the debate over regionalization has been more normative than empirical. Much of the conflict associated with the regional concept and attention paid to normative issues is a reflection of ongoing academic and political disagreements. While this has created much confusion and disagreement among academics, policy actors and the general public, these contests are significant because they create new insights on the interplay and causal connections among formal structures of regimes, society, and the intellectual structures of ideas and ideologies that either justify or contest established practices. There is much that still needs to be learned about regional innovation, change, or lack thereof, and the role that ideas, processes and governance structures have played in determining outcomes in different places and times. Unless or until we better understand the political uses of regionalization and the extent to which patterns of state-society relations and governance preclude certain kinds of reforms, it will be difficult to forecast future trends.

Transformation is the product of conflict and struggle to sustain old systems or promote alternative frameworks during periods of stress. An enormous challenge associated with regionalization is the desire to either reform or replace embedded ideas, processes, interests and institutions. By nature, restructuring is never a smooth process and involves contesting established ideas, processes and institutions. Three main theoretical frameworks have been deployed by scholars evaluating the flow of reform within policy fields: institutional approaches; ideational approaches, and interest-based approaches. These approaches have been used by numerous scholars reviewing policy-decisions across different fields. The political science literature offers competing intellectual constructs that posit different ways for reconstructing and thinking about reform processes, patterns of contestation and assessing outcomes (Tomblin and Braun-Jackson, 2005). These theories in state-society relations will be relied upon to capture and highlight the various change factors that either enhance or constrain possibilities for policy reform and innovation.

Institutional approaches are characterized by the primary organizations and entities that constitute the state. These include political institutions such as Parliament, the Supreme Court, the Prime Minister's Office, a provincial Premier's office, provincial courts, legislatures and the like.

Institutions also include non-political entities such as schools, universities, churches, Crown corporations, and medical facilities whether organized individually or under the authority of a regional structure. These studies typically focus on the relationships between institutions and the behaviour of state and societal actors. Institutions can affect the choice of policy but do not determine the selection of particular goals. Institutions can also influence the interests of policy actors and the resources deployed to achieve policy goals. In fact, questions of state versus society autonomy are critical in many policy debates.

Historical-institutionalists and state-centred theorists have assumed that institutions matter (Bradford 1998: chapter 1). As such, theorists assume that state capacity and autonomy matters most when analyzing policy change and political creativity, not social forces or changes in the political economy (such as modernization or globalization). Institutionalists assume that whether ideas and interests mobilize and are capable of pushing new problems (regional or otherwise) and solutions onto the radar screen will depend on the institutional incentives, knowledge capacity and opportunities available for mobilizing support. Path dependency, which is one form of neo-institutionalism, questions whether we can or should think in terms of the old state-centred versus society centred frameworks, especially given the historical realities of state-society interdependence. (Pierson 2000). Instead, it is argued that unless there is a complete regime change and another route to follow, old embedded partnerships, expectations, adjacent state-societal structures and processes will create problems for reformers. Operating in separate regional silos, unless there a some kind of crisis or pressure for change, there will be little opportunity for merging different embedded values, interests, cells, or institutions into a common discourse or vision.

A second framework to understand reform of public policy places ideas at the centre of analysis. Ideas are a significant part of policy decision-making because they include shared values and conceptions about how society works, the appropriate roles of government, key economic beliefs and retrospective evaluations of past decisions. Ideas are critical with respect to agenda setting and problem definition.

Ideas consist of values and knowledge. Values refer to the normative beliefs and assumptions about how things ought to be; for example, the five components of the Canada Health Act (1984). Knowledge is defined as the cognitive models that help to organize how things are in reality and that may be quite different across policy fields, for example, health debates deal more with “population needs” while experts and decision-makers dealing with economic development challenges tend to focus more on “efficiency” or market objectives. This is the empirical component. The cognitive models and maps that we use to negotiate policy decision-making represent causal links between efficiency goals and equity outcomes, whether in the area of region-building, nation-building, or globalization. They also help to define problems, make sense of reality, and provide alternative visions that compete for power and political support.

During periods of crisis when old ideas, established interests and institutions appear incapable of dealing with new challenges and forces, there are new incentives and opportunities to push new agendas and either reform or replace the status quo. Whether this occurs or not will depend on the availability of a new vision, and the capacity of competing interests to contest and replace the old regime. On the other hand, incremental reforms can be borrowed and used to sustain the old regime.

Change or lack of change will depend on the level of crisis, the strength and autonomy of the old regime, as well as the extent to which critics can mobilize new ideas and coalition support. The extent to which different regions are given more capacity, independence, or power, will depend on the level of crisis and ability of the old regime to defend itself. Predictably, this produces quite different patterns of regional restructuring across dissimilar jurisdictions and policy fields.

The third policy framework is interest-based approaches. Here the emphasis shifts to the groups involved in giving definition to various policy decisions. The dominant approach is pluralism and it is assumed that pressures for reform or change are the products of societal competition, not state autonomy or capacity. Advocates of pluralism argue that competition among groups with respect to policy decisions and goals is the key determinant for the development of policy. However, pluralism does not envision all groups being equal with respect to mobilizing resources, information and members. In health care policy, some groups are privileged with respect to policy-making (physicians) while others are often forced to the margins of policy discourse (advocates for the mentally ill). A variation on the pluralism model is that of policy communities and policy networks. Policy communities include all persons who have either a direct or indirect interest in the policy field and who share a similar policy focus (Pross,1993). A policy community includes state actors, organized interest groups (the Newfoundland and Labrador Medical Association), academics, the mass media and the general public. A policy network is a subset of a policy community and is defined by relationships among a group of actors that comes together around an issue of importance for the community.

The post-pluralism approach followed and sought to reform patterns of state-society relations in a way that would strengthen civic engagement and pluralist ideals (Pross,1993). The post-pluralism approach offers a more optimistic approach to change. Much of the post-pluralism literature has dealt with better understanding the role that policy communities (state actors and organized societal interests)and networks might play in building more transparent, innovative, and democratic systems (Tomblin, 2003). The neo-Marxist perspective examines restructuring and outcomes based on the assumption that ideas, processes, and institutions reflect class biases and patterns of economic power (Bradford, 1998). It is an approach that assumes that agenda setting and policy choice is determined by economic considerations and class structure.

Regionalization has appeared in very different kinds of critiques over time. In the past, regionalization was normally associated with modernization theories and the need to end more decentralized approaches were becoming obsolete. More recently, regionalization has emerged as a response to the challenges of globalization and the need to reduce the role of central planning. The ways different societies have responded, however, has not been consistent. This suggests that embedded institutional processes, sources of power, systems of knowledge creation and societal traditions still matter and need to be further investigated (Tuohy,1999; Lewis,1997).

Regionalization in the form of regional development authorities at the community level have also proven popular in a number of provinces since the 1990s, including Nova Scotia, Québec, Saskatchewan, British Columbia, and Newfoundland and Labrador. Devolution, and the notion of “subsidiarity ” or integrating local economic priorities with governance structures has become a salient issue. There have also been efforts to create new linkages across systems. In Québec, at the

sub-provincial level, there have been attempts to devolve power and strengthen the community sector and community forms of governance across health and social policy fields (Vallancourt and Tremblay, 2002). In Newfoundland and Labrador, the idea of social strategic planning has attracted much attention in the past. With the changing roles of markets and the state in the 21st century, there is much interest in exploring privatization and new state-private sector partnerships in provinces like Alberta, while strengthening the role of the third sector and constructing solidarity-based models in have-not provinces like Newfoundland and Labrador or Québec, where citizens seem to prefer the values of a social economy.

## **PART TWO: WHY DID NEWFOUNDLAND AND LABRADOR EMBRACE REGIONALIZATION?**

Regionalization, as a policy option, has been on the government's agenda for decades. However, it was during the 1990s when the provincial government began to embrace regionalization as a means to address several systemic problems in various policy fields. These systemic problems included: delivering services to isolated and geographically dispersed populations; maintaining existing institutions up to standard; the lack of fiscal capacity; the closure of the northern cod fishery in 1992; changes to fiscal federalism, in particular the introduction of the Canada Health and Social Transfer (CHST) in 1994; out migration and depopulation of rural communities; limited infrastructure in terms of transportation and communications and below national standards of formal education. Government perceived regionalization to be a method for maintaining the delivery of basic services while permitting greater citizen participation in the policy process. Government viewed regionalization as a means for off-loading unpopular policy decisions (for example program reductions and eliminations) onto regional boards or bodies that would then be accountable to citizens. As we will show, government never formally gave these regional bodies the necessary power or capacity to carry out their responsibilities. The result has been cynicism and a lack of support for regionalization among residents of the province.

During the 1990s, the significant reasons for the adoption of regionalization in Newfoundland and Labrador included:

- reducing costs;
- responding better to the needs of local populations;
- increasing local control over decision-making;
- coordinating and integrating services;
- achieving efficiencies in resource allocation;
- improving access to services;
- effective management of institutions;
- more accountability, and
- achieving improved outcomes.



(3) the desire to provide greater democracy for decision-making has been regarded by some scholars and members of policy communities as a cynical ploy to avoid blame for reductions in spending and services (Frankish, et.al., 2002).

Several problems plague citizen participation with respect to regionalization. First, resources targeted toward improving community mobilization can lead to power struggles among different persons and groups. Jonathan Lomas refers to this phenomenon as “negotiated compromise” between government expectations, members of the policy community’s interests and citizens’ needs and interests (Lomas, 1997). Second, participation is interpreted very differently among groups. More research is needed to clarify the rationale and scope of citizen participation in fields such as health delivery and promotion and economic development. Citizen participation also encompasses responsibility, accountability and liability for decisions made. Few citizens can dedicate the time and resources needed to act in this capacity on a regional board or authority. Another concern is that governments can create conditions that may affect citizen participation in health, education, municipal and economic reform. Such government policies include setting goals; providing infrastructure for regional bodies (budgets, knowledge development, training); strengthening community control and community support sectors and promoting perspectives on policy. This is important because an active population tends to create more responsive public and governmental agencies that can address the needs of citizens more effectively. This strategy is useful in creating social capital to make for healthier communities (Frankish, et.al., 2002).

With respect to regionalization, there continue to be strong and serious threats to citizen participation. Some key questions for future study include:

- what are the benefits of citizen participation in terms of processes, affects on individuals and outcomes in terms of improved policy decisions?
- what strategies have been implemented to support citizen participation with respect to training and knowledge?
- how can tensions be resolved between members of the policy community and lay citizens with respect to knowledge of the policy system and the legitimacy of decisions taken?

So far, there is little evidence from the regionalization experiments in Newfoundland and Labrador that these questions have been adequately addressed. The reality is that there is a fundamental tension between a bottom-up and community driven process for policy decision-making and a centralized, top-down and professionally driven approach.

A related dimension concerns the selection of individuals to regional boards and authorities. Two methods are used: election to boards and appointment by the provincial government. Across the country, appointed bodies are much more common than elected ones. Why? First, appointment allows the provincial government to exercise control over the process of regionalization. Second, appointment favours persons with commitments to improving services for the entire region rather than their own community, and third, appointment allows government to reward friends and loyal supporters. The main disadvantage with appointed boards is the lack of legitimacy and accountability to citizens’ interests (Lewis, et.al., 2001). Even in policy fields where elections do occur (i.e., school boards in Newfoundland and Labrador, regional health authorities in

Saskatchewan), turnout and interest are low (Lewis, et.al., 2001). With respect to citizen participation and democracy, Lomas notes that provincial governments do not see citizen control over health and other policy outcomes as an end in itself. Citizen governors may be perceived as agents of rationalization, integration and coordination or allies to reduce expenses, allocate scarce resources or act as a counterweight to powerful entrenched interests. Most provincial governments are ambivalent about fostering citizen participation because citizens often rise up to protest the expectations and goals set by government. Health providers have been vociferous in their criticism of citizen governance because they have been forced to cede jurisdiction over issues they previously controlled. Lomas concludes that devolution and regionalization have been used by governments to avoid making tough choices about spending and health delivery (March 15, 1997).

One of the oft cited concerns with regionalization is the degree to which regions can transcend or replace citizens' identification to their communities. That is, to what extent are citizens expected to respond to newly created entities located between their local communities and their province of residence? Can a regional board produce the kind of support of identity among individuals akin to pride in one's hometown? Lewis (1997) makes two observations. First, elections for board membership (Saskatchewan) relied on a ward rather than an at-large electoral system. Ward systems encourage representatives to be parochial in their behaviour because they will look out for their own constituents rather than seeking the best policy for the entire region. Second, new definitions of community have emerged in the literature as a result of changes wrought by globalization and technological change. However, old practices and models, like dandelion weeds, have deep roots (Lewis, 1997). Community rivalries are a fact of life in Canada and such behaviour impairs the success of a regional board for improving policy outcomes for the population. Lewis argues that there must be incentives in place to foster the conditions necessary for a regional consciousness.

With respect to regionalization and downsizing, Lewis notes that success is based on whether regionalization is seen as being legitimate. There are three ways to evaluate this legitimacy:

- are the provincial government's motivations credible?
- are the regional entities properly structured and given sufficient authority and
- does the environment (government policies) surrounding the genesis of regionalization assist or impede successful implementation (Lewis, 1997)?

What about the examples from Newfoundland and Labrador? With respect to the first dimension, we argue that government's motivations are somewhat credible. Discussions about regionalization have been around in Newfoundland since the Commission of Government period (1933-1949) with respect to health care and education. More recently, government has expressed the desire to deliver services in a more efficient manner and has touted the benefits of citizen participation in policy decision-making. However, the desire to regionalize service delivery should not be interpreted as a sign that government is in the mood to devolve its authority to other institutions. Regional integrated health authorities, for example, are not given sufficient autonomy with respect to budgeting, health human resources issues and equity versus need with respect to patient services. The REDBs have chronically been under funded and understaffed by government since their creation in the mid-1990s.

In terms of the second dimension, regionalization is more problematic. Government has dictated the boundaries for regional authorities in education, economic development and health care often without citizen input. Regional communities cannot define themselves or the values, and objectives connected with their particular regional vision. The recent reductions in the number of school boards and health authorities by the Williams government occurred without any consultation from citizens and members of the various policy communities. In Newfoundland and Labrador, regionalization is very much a top-down, province centred approach to service delivery. Debates and discussions about the legitimacy of regional boards revolve around such factors as the quality and motivations of RHA appointees; the assumption of hidden agendas in the regionalization process; a suspicion that provincial governments are devolving problems rather than authority to local communities and the layers of bureaucratic management that exist at the expense of the public good (Lewis, 1997).

In terms of the third dimension, there are two types of environments in which regionalization occurs: the provincial government embraces regionalization in order to downsize and restructure in a policy field and a provincial government initiates a major restructuring of its policy by reducing spending and resource allocation and then announces a policy of regionalization with the assumption that the system will be able to maintain itself without sufficient funds. It has been the second type of environment that is more common in Newfoundland and Labrador. For example, the Wells government announced hospital bed reductions and closures in the early 1990s followed up quickly by an announcement that health care would be delivered through regional authorities.

Before moving on to a description regionalization and reform in our four policy fields, it is important to note that regionalization has not been a coherent or organic process in Newfoundland and Labrador. In other words, regionalization in one policy field did not necessarily spur change in other policy fields. Interested groups and individuals have often been excluded from participating in the debates and discussions about the complexion of regionalization. We argue this is problematic because regionalization requires new perspectives and voices in order to challenge the hegemonic position of old ideas and established procedures and methods for making policy decisions.

### **PART THREE: REGIONALIZATION AND REFORM IN FOUR POLICY FIELDS**

Each of our policy fields has been the site of various reforms including the establishment of new institutions to regionalize service delivery. Some fields, such as health care and economic development, have more formally structured governance structures than municipal government or education. Education services are usually delivered through school boards but as will be demonstrated, the school boards have been regionalized across the province in the recent past. This section of the paper will offer an overview of regionalization and reform for each policy field highlighting important legislative changes, governance structures and drivers for reform.

Patterns of policy framing and discourse in Newfoundland and Labrador have been influenced by the lack of resources necessary for experimentation and rural-urban divisions that have made it difficult to create common province-centred perceptions, new patterns of integration and interaction with shared agendas. Such a context has also complicated the task of building the kinds of coalitions required or necessary to contest the legitimacy of the old embedded regime. The power and

autonomy of established interests that underpin health governance should not be underestimated nor should their ability to adjust and survive in a complex policy world.

Whether an alternative approach to reform (alternative policy frame) is successful or not depends very much on the policy ideas that define the new reality, the institutions that are relied upon to debate issues, the interests connected with these, communication opportunities, resources and political incentives to move in a new directions. There are different perspectives on the explanatory powers of ideas, institutions, and interests and we will explore the dynamic interplay among these elements to generate new critical insights on which factors need to be in place to facilitate health care reforms.

Contextual factors such as demographic shifts, urban-rural divisions, technological change, modernization and globalization all create common pressures for political institutional and policy change. Yet, despite the views of modernization, globalization and other universal theories, societies do not always respond the same way to common circumstances or changing realities. Rather, other theories suggest that whether policy-political changes occur or not will depend on the political actors and social forces that play a role in either promoting or constraining the impact of contextual factors and associated reform visions competing for power. Within a complex federal system with a strong level of respect for diversity and multi-level governance, it is really not surprising that common problems and underlying contextual factors might create problems for universal, pan-Canadian solutions. In reality, such big changes have been difficult to manoeuvre through formal and informal provincial systems of power-sharing and networking that must be co-opted or replaced in any push for policy reform. We are interested in learning more through our case-studies about the challenges associated with quick policy responses, the strengths and weaknesses of a fragmented policy-political system, the arguments for incrementalism, and the like.

Newfoundland and Labrador did not join Canada until 1949. The province has a strong sense of identity, and has tended to be wary of attempts to define problems and impose solutions based on the universal experiences and visions created elsewhere. In 1949, Joey Smallwood embraced the idea of modernization and went out of his way to create a new regime. But such a top-down, leader-centred, universal approach created much suspicion, and made it difficult to develop the kind of common perceptions and shared agendas required to integrate different interests and values. In the 1970s, Newfoundland nationalism emerged and there has ever since been much resistance about embracing outside visions that do not take into account local circumstances. Consequently, there has been some hostility to simply accepting outside perceptions and reform agendas.

Historically speaking, Newfoundland and Labrador has not always benefited from the frames or mental maps that have been designed to help actors identify and define problems and construct solutions. Prior to Confederation, the practice of accepting competing visions and prescriptions never seemed to work in dealing with changing circumstances (Government of Newfoundland, 1986; Hillier and Neary, 1980).

For example, the decisions to build a railway, promote agriculture, and the like, have worked against new calls for universal solutions, and those seeking coalition support of new initiatives, new forms of management, data collection, and knowledge creation. Many of these experiments in the past

failed to produce results and this, along with powerful embedded idealized myths about the place as a vibrant, self-reliant society, has worked against external calls for reform. Nor has there been the kind of resources available for contesting the power of these expectations, regimes and policies from within.

On the other hand, Newfoundland and Labrador has had a long history of informal innovation. It has a small population which makes it easier to work informally in communicating information, creating shared frameworks, and producing mental maps. In the past, there was much reliance placed on the church, doctors, social movements, and other social forces in prescribing and developing innovative initiatives required for addressing new challenges and changing circumstances. In sum, Newfoundland and Labrador is a place that has relied on informal, local structures to define issues and problems and find solutions. Put simply, in an era of both globalization and increased pressure for smaller, local forms of governance, these contradictory and conflicting historical trends have contributed to the problems of agenda-setting and sense of crisis and stagnation.

**Table One: Selected Economic, Social, Demographic And Health Measures For Newfoundland And Labrador<sup>1</sup>**

Variable	Measure
Population	515,946 (April, 2005)
Gross Domestic Product	\$19.563 billion (2004)
Per Capita Income	\$24, 677 (2004)
Unemployment Rate (unadjusted)	12.5% (June, 2005)
Employment Rate	73.6% (2000)
Average Couple Family Income <sup>2</sup>	\$56,500 (2001)
Unemployment Insurance Incidence <sup>3</sup>	36.2% (2001)
Economic Self-Reliance Ratio <sup>4</sup>	77.5% (2001)
Home Ownership	78% (2001)
Average Value of Dwellings	\$76, 285 (2001)
Life Expectancy	77 years (2001)
Rate of Population Obesity <sup>5</sup>	39% (2001)
Rate of Smoking for Population 12 years+	25% (2001)
Self-Assessed Health Status <sup>6</sup>	79% (1995)
Population receiving Social Assistance	13.8% (2001)

<sup>1</sup> . Sources: Newfoundland and Labrador Community Accounts; Newfoundland and Labrador Statistics Agency.

<sup>2</sup> . Measured as the total income of all the couple families divided by the number of such families. The measure excludes non-family persons and lone-parent families.

<sup>3</sup> . Measured as the number of people receiving Employment Insurance during the year divided by the number of people in the labour force. The labour force here is defined as the number of people in receipt of Employment Insurance or employment income within the year.

<sup>4</sup> . Defined as the ratio of market income from all sources to total personal income. The ratio of 77.5% means that of all income flowing into the province, 77.5 % came from market sources and 22.5% came from government transfers.

<sup>5</sup> . Based on the population 15 years and older with a BMI greater than 27.

<sup>6</sup> . Measures the personal assessment of one's health.

High School Diploma or higher <sup>7</sup>	60.4% (2001)
University Degree (Age 25-54)	12.8% (2001)

Table One contains several measures with respect to Newfoundland and Labrador's demographic, economic, health and social position. Several of these measures are crucial with respect to the province's ability to initiate meaningful reform in terms of health care. First, the province's population has been declining over the last decade. In particular, the provincial population declined by seven percent between 1996 and 2001. Out-migration has been a feature of Newfoundland and Labrador for decades but the problem was exacerbated during the 1990s as a result of the cod moratorium in 1992 and the severe reductions in provincial spending in order to slay the deficit dragon. A majority of those leaving the province tend to be young, educated and women of child bearing age. Not only is the population declining, it is rapidly aging too. Newfoundland and Labrador's median age of its population is among the highest in the country.

While the province has begun to experience remarkable economic growth as a result of revenues flowing from off-shore oil developments and resource extraction (nickel at Voisey Bay in Labrador), the benefits are largely confined to the metropolitan St. John's area and the Avalon peninsula. Rural or "outport" Newfoundland has suffered a tremendous economic decline due to the loss of the in-shore fishery, cuts in federal unemployment insurance and out-migration coupled with a lack of educational opportunities. In rural areas, providing basic health services has always been challenging and the province is typically preoccupied with issues such as the retention and recruitment of physicians, the provision of primary care services, health human resource concerns and the location of hospitals and other medical facilities. In rural Newfoundland, health and education are major economic engines. Table 2 shows the percentage of people employed in both health care and education for each of the province's economic zones.

**TABLE 2: HEALTH AND EDUCATION EMPLOYMENT AS A PERCENTAGE OF ALL OCCUPATIONS BY ECONOMIC ZONE<sup>8</sup>**

Economic Zone	% Employed in Health	% Employed in Education
1	2.5	8.2
2	2.4	3.1
3	4.0	3.7
4	1.5	4.0
5	3.2	2.7
6	5.9	3.6
7	2.7	2.9
8	6.8	4.9
9	4.4	5.3
10	2.9	5.5
11	2.7	6.2
12	7.3	4.1

<sup>7</sup> . Population aged 20 years or older who have completed grade 12.

<sup>8</sup> . Source: Newfoundland and Labrador Community Accounts.

13	2.0	4.4
14	4.5	3.7
15	3.2	4.2
16	3.6	4.4
17	5.3	3.9
18	4.7	3.3
19	7.5	5.1
20	3.6	4.4

It matters economically, since both health and education are large employers that pay good wages in areas where rates of unemployment and social assistance incidence are high. Having access to health and education matters for other industries hoping to recruit and maintain human resources. All of this makes it difficult to politically contest one of the last remaining economic pillars in rural Newfoundland. Given the high political stakes involved, it has been very difficult to push new radical health reforms in a province with limited policy capacity, historical fears over universal-central approaches, and rapid rural decline.

### ***Regionalization and Health Care Reform***

The key themes that characterize health care reform in Newfoundland and Labrador since 1990 include the following:

- Formal versus informal kinds of reform;
- Rural versus urban interests;
- Proactive versus reactive responses by decision-makers;
- Role of fiscal, political and social crises;
- Market-based solutions not an alternative;
- Reforms not province-centred.

With respect to formal versus informal kinds of reform, a good example concerns the establishment of the Office of Primary Health Care. This entity is housed within the Department of Health and Community Services and was created by government to oversee the development and implementation of seven primary health care pilot projects across the province. The funding for the Office and its staff comes from the federal government's Primary Health Care Transition Fund and is in place until the end of March, 2006. It is an example of a formal reform where government moved to create an institution to oversee the process.

A good example of informal reform concerns the management of wait lists for patients requiring open heart and by-pass surgery. These lists are managed collectively by a team of cardiologists in St. John's who meet weekly to determine which individuals are in greatest need for the procedure. Neither government nor the regional health authority has anything to do with this informal management system (Respondent 11).

Several examples highlight the differences between rural and urban areas of the province with respect to health care reform. Wait lists are generally more of a problem for people in urban areas,

especially St. John's, than in rural localities. The principal reason is that all tertiary care services are provided in St. John's so patients requiring specialized medical procedures living in rural communities will be required to travel to the capital. Often these patients will remain hospitalized in St. John's because of a lack of available beds in hospitals in their home region. Another example concerns models of physician payment. In the 1990s, government introduced legislation that paid physicians practicing in St. John's and surrounding communities for only 50 percent of their MCP (Medical Care Plan) billings as a means of encouraging more doctors to set up practice in under serviced locales (Government of Newfoundland and Labrador, 1998). The policy was eventually withdrawn after much protest by the NLMA but suggests that retention and recruitment of physicians is more salient for rural areas of the province than urban ones. Connected to the issue of physician availability is access to medical facilities. As noted above, health care is a major driver of the rural economy because jobs are unionized and plentiful. However, some doctors and other health professionals risk losing their skills because there are so few patients who require certain services (obstetrics in particular). These specialists would have more opportunities to sharpen their skills working in facilities in urban areas. At the same time, the building of specialized medical services could create new economic opportunities and forms of innovation for the provincial economy.

Health care reform and restructuring in Newfoundland and Labrador has been driven largely by regionalization of service delivery and management. In the early 1990s, Newfoundland and Labrador, along with many other provinces across the country (with the exception of Ontario), identified regionalization as a way to cope with spiralling health care expenditures.

Did regionalization emerge in response to a fiscal crisis in health care as a way for the government of the day to decentralize responsibility to newly created institutional bodies or were decision-makers attracted to the concept as a vehicle for pluralizing policy making and enabling medical delivery more sensitive to the needs of local communities? We argue that regionalization was embraced by the provincial government because it did not affect the hegemonic position of physicians in the health system, it did not cost more than the old health system and it could be marketed to citizens as a method of achieving efficiencies and making patient care better.

Regionalization has been around since the 1960s but took off in the 1990s due to a series of crises:

- Fiscal crises brought about by national recession and changes to health, education and social program financing (the CHST)
- Economic crises including the cod moratorium of 1992, civil service layoffs and freezing of department budgets by government.

The Wells government established a Resource Committee to review the state of the health system in 1990. Members of this committee were drawn from the Newfoundland and Labrador Medical Association, the Newfoundland and Labrador Hospital and Nursing Home Association, the Association of Registered Nurses of Newfoundland, the Faculty of Medicine at Memorial University and the provincial Department of Health. The urge to embrace regionalization as a panacea for rocketing health care costs was driven primarily by fiscal concerns and not the long-term improvement of the system (Botting, 2000). For example, in the 1992 provincial budget, it was announced that 450 acute care beds would be eliminated along with 850 jobs as a means of reducing hospital and health costs.

The province adopted several other strategies for combating rising expenditures. These included a focus on the population health model, an integrated approach to health care delivery and a shift from hospital to community level care. The key strategy adopted by the provincial government dealt with the establishment of regional health boards. Several health care groups who were part of the Resource Committee endorsed the concept as a means of creating efficiencies in the health system.

Health Minister Decker appointed Lucy Dobbin (a former CEO of St. Clare's Hospital in St. John's) to chair a commission to review how hospital boards could be collapsed. In March, 1993, the *Report on the Reduction of Hospital Boards* was released. The considerations guiding the reduction of hospital boards included the following:

- how reductions would affect quality of health services;
- opportunities for improving the coordination of acute and long term care services;
- continued participation by publicly appointed trustees to have a voice in regional health boards;
- efficiencies and best practices for using scarce fiscal and human resources and
- the ability to take advantage of economies of scale provided by alternate models of governance (Dobbin, 1993).

Government touted several benefits that would result from regionalizing medical service delivery. First, overall health planning for a region by a single board would be preferable to planning being carried out by individual hospital boards. Second, regionalization allows for coordinated health care especially between acute and long-term facilities and needs. Third, the role of trustees would be preserved within a regionalized health system.

Fourth, savings can be realized when reorganization occurs that allows for services to be integrated and coordinated.

In St. John's, eight separate institutions merged to form the Health Care Corporation of St. John's (HCCSJ). The HCCSJ undertook an education campaign to disseminate information to the general public, staff and unions. For example, integration of clinical services across sites was completed in 1996 and a significant reduction in management positions was realized as a result of amalgamation. In rural Newfoundland and Labrador, an immediate consequence of the new boards being established was a reduction in management staff. One challenge for rural boards was the rationalization of clinical services given the tremendous geographical dispersion in some of the regions. Some rural boards also experienced unpleasant political effects as a result of regionalization. Historic and regional rivalries among communities as well as institutions often contributed to a climate of decision-making that was hostile rather than cooperative.

In the first stage of regionalization, government established two types of health boards: institutional and integrated. The institutional boards were responsible for the delivery of medical services through hospitals and clinics in each region. Integrated boards combined the functions of the institutional boards with community and social services programs provided to the population within the region. Beginning in 1998, a third type of board was created. Health and community services boards were created to administer health prevention, promotion, child welfare, addiction, mental

health and other programs within the province. The adoption of such boards followed the make over of the Department of Health into a new Department of Health and Community Services. The new department assumed responsibility for some functions previously under the rubric of the Department of Human Resources and Employment. The new structure was meant to reflect government's commitment to following through on a strategy of health prevention and promotion for the province.

Regionalization of health care is barely a decade old in Newfoundland and Labrador. There have been significant changes with respect to restructuring and closing of institutions and transfer of services within the system. The boards, whether institutional or health and community services, have bore the brunt of these changes and have often been criticized and vilified by the public for apparent failures. The key individuals who brought forward regionalized health care were located inside government or within the hospitals and health institutions themselves. Thus, the development of regionalized health care took on very much a "made in Newfoundland and Labrador" tint as it evolved.

For many of our participants, the "losers" in terms of regionalization appeared to be rural communities and their health facilities. Regionalization itself was defined and framed by those persons inside the policy community: politicians, senior civil servants, members of health professional groups, health institutions and best practices from other jurisdictions. Ordinary citizens and community groups were not privy to the debates defining the issue. Regionalization is the only major health reform that has taken off in Newfoundland and Labrador. Much of this was due to the fact that the issue mattered and there were strong political efforts to contest the status quo, accommodate power interests and then build a new vision and policy community. The fact that doctors and drug companies were unaffected by these changes likely made it easier to institutionalize a regional system of governance thereafter. Besides, as suggested above, with the exception of Ontario, regionalization became a popular strategy for dealing the health restructuring and the contradictory forces of decentralization as well as consolidation.

Regionalization of medical service delivery occurred in Newfoundland and Labrador for two main reasons. First, reform was undertaken because of a fiscal crisis caused by recession, the collapse of the northern cod fishery and reductions in health care transfers to the province from Ottawa. It was also a period of national crisis when the federal government was not likely to do anything to help the province. Besides, with the rise of the fiscal imperative, new ideas in New Zealand (and around the world) about the inevitability of radical restructuring, there was much incentive to adopt a new health vision. Viewed from the provincial government's perspective, there was much incentive to restructure. At the time, the status quo was not really considered an option. Second, the institutional or acute care providers were separated from the community or public health providers in the 1990s because the government finally recognized that health care prevention and promotion is money well spent.

The establishment of regional health boards by the provincial government was a harbinger of change to the health system. There was also a clear attempt on the part of the provincial government to ensure the issue mattered provincially within the discourse, among key stakeholders in the policy field, and the general public. Much attention was placed on finding need ways to communicate on a

province-centred basis through public documents, meetings with stakeholders, and so on. All of this was done to build new ideas, interests, and institutions into a new policy vision carefully constructed to influence the future politics of health care or who gets what, when, where, and how in the province. There were clear attempts to deal with potential obstacles to the new approach while ensuring powerful factions (doctors) were accommodated. The regional approach adopted provided a means by which the most powerful interests in the health system were preserved and protected, while creating new forms of integration and interaction in other sectors. The notion of regionalization was very popular on both the left and right and there were clear attempts to rely upon this to promote reform. On the left, regionalization was popular since it created new opportunities to engage the public and deal more with social determinants. On the right, regionalization was a way to improve efficiencies, and rely less upon the state to define and resolve issues (Tomblin, 2003). Regionalization became a very ambiguous concept, with many contradictions and tensions associated with it. While this added to the challenge of implementation, it made it easier to get on to the radar screen since it was a vision that appealed to many interests, even if they were contradictory.

Most significantly, policy makers embraced a “determinants of health” approach to explain the need for and access to services as well as developing programs to encourage better lifestyle choices among the population. Such an approach was popular on the left, the public, and various stakeholder organizations. The NLHBA, in its former incarnation as the Newfoundland and Labrador Health Care Association, played an important role in the development of the current health care system in Newfoundland and Labrador. The following list of assumptions and principles was used as a guide to redesigning the health system in the province:

- consumers are active partners in health planning, delivery and evaluation;
- a greater emphasis is placed on population health;
- individuals must have greater autonomy over decision-making as it relates to their own health;
- there should be more community health services and referrals with a multidisciplinary approach to provide balance within the system;
- the Charter of Rights and Freedoms must be kept in mind in terms of resource allocation;
- all health services and programs are accessible to the intended patient groups;
- the concept of regionalization must undergo continuous refinement with a commitment to health programming based on population health status;
- a comprehensive human resource plan must be developed;
- health care partners (decision makers, participants, planners) are educated with respect to quality of life issues which becomes the fundamental theme for determining health quality;
- evidence based decision making determines programs and services to be delivered;
- comprehensive provincial standards such as manageable wait lists, distance travelled to access health services and so on must be developed, and
- all government policies are to be analyzed for their health affects with policies geared toward the promotion of healthy outcomes (Newfoundland and Labrador Health Care Association, 1997).

Regionalization, at least in its 1994-2005 form, reflects the move from a health system focusing on cure for acute conditions to one where the emphasis is on prevention, promotion of lifestyle change

and participation from key groups.

When regionalization was embraced by the Wells government in 1993, the primary reasons given were to provide improved continuity of health care and to avoid costly duplication. The main driver behind regionalization was fiscal; that is, the government wanted to reign in health spending without disruption to basic service delivery.

The Department of Health and Community Services has transferred responsibility for health care delivery to the boards while monopolizing policy making. Before the boards were in place, the Department directly managed nearly twenty cottage hospitals. These were replaced or closed down entirely with the advent of regionalization. While the government does retain some degree of control over the health boards with respect to budgets and appointments, the boards are still deemed to be primarily responsible for providing services to patients.

A recent review of regionalization with respect to acute care in Newfoundland and Labrador contained several important findings on the effects of reform. The study found that

- regionalization alone does not completely explain cost drivers and may not be an effective way to control health costs;
- opportunities for the further integration and rationalization of services and institutions exist within the health system and strategic planning and leadership are crucial to control costs;
- hospital closures within a context of regionalization and program management may not necessarily lead to a deterioration in healthcare provider attitudes, patient satisfaction and quality of care;
- ways of keeping healthcare workers in the system include more money, efforts to improve work load, overtime and productivity, reducing unnecessary demand for health services and a reduction of health need due better population health;
- targeted interventions offer a more effective means to improve use and efficiency as well as patient satisfaction;
- access to acute care beds is a tremendous problem (Barrett, et.al., 2003).

Regionalized health care is clearly not a cure for reducing health spending in the province. As well, there is not enough public education or awareness of the major changes that have occurred in the health system (Newfoundland and Labrador Health Boards Association, 2002).

The most recent round of reforms connected to regionalization formally began in 2003 when the Progressive Conservative Party of Newfoundland and Labrador, led by Danny Williams, won the provincial election defeating incumbent Premier and Liberal Roger Grimes. Williams laid out his party's policy platform in the "Blue Book." Many of the proposals were targeted toward reducing the debt and deficit of the provincial government. The Department of Health and Community Services was not exempt from the desire to reduce the size and expenditure of government. In the end, with little public involvement, the government seized control of the experiment, dealt with the tensions associated with competing priorities and contradictions, and imposed its own vision (Government of Newfoundland and Labrador, 2004). Such a formal approach to regionalization brought advantages but it also made it difficult to reflect the interests and values of the population.

### ***Regionalization and Economic Development***

By the early 1970s, the rural development movement<sup>9</sup> in Newfoundland and Labrador had gone through two distinct stages. In stage one, rural development was cast as a reformist social movement that was loosely organized; dominated by the petit bourgeois class; incorporating a diverse array of strategies and activities aimed at rural renewal and having an antagonistic relationship to government. In stage two, rural development was rigidly organized through state supported expansion and growth; limitations on geographical size, behaviour and kinds of activities; government is viewed as a partner in the process of rural renewal largely through the administration of make work and other job creation programs (Curran, 1992).

Largely the result of chronically high unemployment in Newfoundland and Labrador (approximately 24 percent in the mid-1980s), the Peckford government established the Royal Commission on Employment and Unemployment (RCEU). One of the key features of the RCEU was that the rural economy was taken seriously. The researchers recognized that the rural development movement and the many rural development associations (RDAs) would play a fundamental role in the process of developing the outport economy. The idea was to provide the tools to the RDAs so that they could initiate long-term social and economic development rather than simply relying on government transfers to survive. However, senior bureaucrats responsible for economic development did not concur with the Commission's conclusions. As House quotes from a post Commission government report,

*“The Study Team views the Commission's overall vision of rural Newfoundland as idyllic and unrealistic. It is seen as a romantic vision which does not recognize the profound changes that have occurred in rural Newfoundland over the past 50 years, including the continuing migration of people (especially young people) from smaller centres to larger centres ... the Study Team questions whether wide-scale employment opportunities are potentially available in all parts of the Province, but particularly in rural Newfoundland.”*  
(House, 2003:232)

The lack of support for and endorsement of the RCEU's recommendations with respect to regional economic development forced the RDAs to carry forward on their own.

A change in government occurred in 1989 when Clyde Wells and the Liberals assumed power. One of the key promises made by the Liberals during the election was to establish regional economic boards across the province to assist in development. Premier Wells also established the Economic Recovery Commission (ERC) which was Chaired by Memorial University sociologist J.D. House (who also chaired the RCEU). The government also called for the development of a strategic economic plan to brainstorm ideas to cope with the economic situation in the province. The result was the publication of *Change and Challenge* in June, 1992. The thrust of these innovations was to focus on the “new” regional economic development where rural Newfoundland would not be

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<sup>9</sup>. For our purposes, rural and regional development are used interchangeably and mean the same thing.

neglected and an emphasis on market driven practices coupled with significant institutional changes would be enacted to sustain communities.

The key recommendation was the creation of regional economic zones across the province. The zones, numbering 17 in total<sup>10</sup>, were designed to assist in the development of economic plans by citizens in each part of the province. Why the creation of economic zones? The following reasons were offered:

- each region is better able to participate in and respond to opportunities for economic growth;
- better coordination and integration of economic planning;
- citizen input in developing economic plans for each zone;
- joint projects can be undertaken by zonal communities;
- major centres in each zone will have infrastructure improved to attract new services and investments;
- greater regionalization of government administration and
- the unique characteristics of each region will be easier to identify and will be better understood (Change and Challenge, 1992:16-18).

The zones were also adopted as a means of decentralizing government decision-making to the local level. Premier Clyde Wells, a staunch supporter of the zonal process, spent a long weekend drawing up the zone boundaries himself (House, 2003). The establishment of economic zones anticipated the withdrawal of federal funds from rural economic development in the early 1990s. With fewer federal dollars to fund the Newfoundland and Labrador Rural Development Council (NLRDC) and the 59 RDAs (1994), it became apparent that rural and regional development needed to be streamlined and made more accountable (House, 2003).

In the early 1990s, the rural development movement was in a process of re-evaluating its functions and goals. Many volunteers and staff with the RDAs were becoming frustrated and cynical about the prospects of their organizations acting as conduits between government and residents for make-work projects. Many in the movement were looking for new approaches to embrace to reinvigorate the process of rural development. In cooperation with the Newfoundland and Labrador Federation of Municipalities (NLFM), the NLRDC recommended to the provincial government that a commission be established to make recommendations about rural and regional economic development (House, 2003). In January, 1994, both the federal and provincial governments announced the formation of a Task Force on Community Economic Development in Newfoundland and Labrador. The Task Force was co-chaired by Gordon Slade, Vice-President of the Atlantic Canada Opportunities Agency (ACOA) and by J. Douglas House, chair of the Economic Recovery Commission (ERC). Hearings were held across the province and an independent research program was also carried out by Task Force staff. The Task Force published its report in the fall of 1994. The report strongly endorsed a community-based economic development model for the province that would create long-term prosperity and diversification for rural areas. As well, the federal and provincial governments announced anew agreement, the Strategic Regional Diversification Agreement (SRDA) as the principal funding mechanism for implementing the report's call for new initiatives in regional economic development (House, 1999; House, 2003).

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<sup>10</sup>. The number of zones was increased to 20 following decisions taken by Clyde Wells and Brian Tobin.

Regional economic development refers to development that “is neither top-down nor bottom-up; or, rather, it is both at the same time” (House, 2003:235). In the Newfoundland and Labrador case, regional economic development is an attempt to institutionalize a partnership between government and the community. This is achieved by the creation of two entities: economic zones and regional economic development boards (REDBs) for each zone. The Boards, democratically elected, make decisions for residents of the economic zone while working with government as a partner with respect to funding and other resources.

The approach to regional economic development endorsed in *Community Matters* includes the following principles:

- a renewed commitment to the role of volunteers;
- sustainability and stewardship;
- strategic economic planning for each zone;
- economic development must be market-driven and business-like;
- the establishment of a strong entrepreneurial culture;
- the adoption of the knowledge-based economy;
- a commitment to education and training;
- modern telecommunications access;
- accepting the reality of a global economy;
- partnerships with labour, government, business, the fishery and a recognition of gender equity, and
- government and cabinet support for regional development (Community Matters, 1995:16-17).

An important dimension to the renewal of regional economic development in Newfoundland and Labrador in the wake of the Task Force report is the concept of capacity-building. What is capacity-building? The concept embodies the idea that governments should support communities and regions to strengthen their ability to initiate economic development locally. This means providing the tools and resources to communities and regions to undertake development projects that will ultimately create long-term and permanent job creation. Capacity-building also includes a number of related themes such as empowering local residents to take control of economic development, allowing for the modification of existing institutions so that development can be pursued more effectively and efficiently, and encouraging grass-roots groups and organizations to get involved directly with respect to development policy (House, 2003).

There are two dimensions to capacity-building: regional capacity and supportive capacity. Regional capacity refers to the capability of each economic zone to launch development projects. The ability to launch projects is dependent upon other variables such as leadership, planning, identifying opportunities for new economic activities, strengthening the private sector, identifying and mobilizing local sources for venture capital, providing access to education and training for local business ventures and changing residents' identifications with their communities to get them to think in regional terms (House, 2003).

Regional capacity-building is the bailiwick of the Regional Economic Development Boards (REDBs). However, the above factors are difficult, if not impossible, to implement without supportive capacity from government. Supportive capacity-building includes the mobilization of key federal and provincial institutions to support local regional development initiatives. Examples of such capacity include ACOA, the Department of Human Resources Development Canada, Industry Canada, provincial departments and agencies, Memorial University of Newfoundland, the College of the North Atlantic, business groups (Newfoundland and Labrador Chamber of Commerce), industry groups (Alliance of Manufacturers and Exporters), labour unions (FFAW) and other interested parties. These organizations can provide tangible assistance to the REDBs to execute regional capacity-building (House, 2003).

For the next several years, the lead agency for the implementation of the Task Force report as well as the conduit for supportive capacity-building was the ERC. The ERC worked closely with ACOA and the Enterprise Network to put the Task Force's recommendations in place. The provincial Cabinet agreed to place the Enterprise Network (the e-commerce platform for regional economic development<sup>11</sup>) in the same building as the ERC. As well, Gordon Slade, Vice-President of ACOA agreed to move the administration of the SRDA out of ERC headquarters. Many of the key initiatives undertaken by the ERC had as their purpose the goal of providing support to the REDBs to carry out their projects and the Commission partnered with other government departments and agencies to produce a report on education and training with respect to regional economic development (House, 2003).

The evolution of regional economic development was derailed in December, 1995 when Premier Clyde Wells announced that he was resigning as leader of the Liberal Party of Newfoundland and Labrador. His replacement, federal Fisheries Minister Brian Tobin, was sworn in as Premier in January, 1996 and promptly called an election for February, 1996. Sweeping to power, the Tobin administration abolished the ERC and returned to a policy concentrating on large-scale resource and mega project economic developments. The REDBs still existed but the amount and level of support from provincial departments and agencies remained stagnant. Tobin himself was more concerned with immediate economic benefits to rural Newfoundlanders and Labradorians than trying to devise plans for long-term economic prosperity and diversification (House, 2003).

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<sup>11</sup>. For a more detailed discussion of the Enterprise Network, see House, 1999, pages 143-149.

What are the challenges to regional economic development in Newfoundland and Labrador? These are as follows:

- community rivalries within regions;
- the fall out of the federal government's handling of the cod crises;
- the increase in the rate of out migration;
- the lack of investment funds for the REDBs and
- mobilization of grass-roots support for regional economic development (House, 2003).

The first challenge has deep roots in Newfoundland history and culture. Traditionally, Newfoundlanders have identified with their village or town rather than a larger region. This is still very much the case as divisions continue to exist between "townies" and "baymen". While conducting interviews with some of the REDB members from Zone 18, community rivalry was a major theme with one community development officer saying that people from "up the shore" resent the fact that the DITRD office is in Placentia. One of the major issues is the fact that people have not been taught to think in regional terms. The concept of an economic zone is simply foreign to most Newfoundlanders.<sup>12</sup> This is important because with respect to regional economic development, residents are more likely to identify with new initiatives if they are seen as benefiting their particular communities rather than the region as a whole.

The federal and to a lesser extent the provincial governments' handling of the cod moratorium created divisions among citizens in many of the economic zones especially among those involved with the fishery who qualified for income support versus those who failed to do so. Many persons currently and formerly involved with the fishery have expressed both suspicion and frustration with efforts by the REDBs to diversify regional and community economies for fear that the fishery will be sacrificed (House, 2003). The rate of participation by those in the fishery on the REDBs is low.

The third challenge focuses on efforts to stem the rise of out migration, especially among young people. At a conference held by the Baccalieu Board of Economic Development titled "Where Have All Our People Gone?", the consensus among participants was that the only way to halt increased out migration is economic development in the regions. However, the emphasis on short-term make-work projects will not prevent further population losses in rural Newfoundland.

The fourth challenge identified by House is the notion that the REDBs lack the capacity to raise and invest their own funds. As far back as the RCEU report in 1986, it was suggested that Boards be given block grants to support long-term economic projects. However, most governments in Canada are reluctant to relinquish control over public money which means the Boards do not have the authority to raise and spend their own money. As well, the idea of merging the Boards with the Business Development Corporations was not supported by the provincial government with the consequence being that the Boards can identify potential

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<sup>12</sup>. Interview with Community Development Officer, Avalon Gateway REDB, Dunville, NL.

projects for development but they can not invest funds to create new or expand existing businesses (House, 2003)

The final challenge facing the REDBs is the ability to get local residents involved in regional economic development. My interviews with people involved in the REDB process as well as rural economic development confirm that without new blood, current volunteers will burn themselves out.<sup>13</sup> The Boards will need to appeal to residents to take regional development seriously and to have representatives from as many sectors and groups as possible. Government efforts to provide support with respect to hiring staff and paying honoraria for members would be a good start.

### ***Regionalization and Education Reform***

The evolution of the education system in Newfoundland and Labrador has been shaped by two forces: religion and the economy. Schools in the country and later province were organized along denominational lines (Roman Catholic and Protestant) with funds coming from government. Since a crucial source of government revenue was customs duties, education funding was not stable and this affected the number of schools constructed and was a significant factor limiting teacher salaries (McCann, 1998).

Following Confederation with Canada in 1949, the province adopted a North American model of education characterized by a focus on the growth of an urban and industrial society with an academic secondary school system leading to enrolment at Memorial University. The University was established to create a new middle-class of professionals, politicians and civil servants while the Colleges of Trades and Technology (now the College of the North Atlantic) delivering vocational and technology programs (McCann, n.d.). Such a model of education came under increasing attack in the 1980s as outmoded and unsuitable for the needs of the province. A key report, *Education for Self-Reliance*, a supplement to the Royal Commission on Unemployment and Employment, argued that there was “a growing mismatch between the kind of secondary and post-secondary education system that has evolved and the kind of society Newfoundland is becoming” (quoted in McCann, n.d.:5). The report concluded that Newfoundland’s education system was not meeting the needs and lifestyles of rural and outport residents nor could it address the changing needs created by an emerging post-industrial society. The thrust of the report was founded on the premise that education ought to be considered an economic investment whereby the higher the formal level of education in the population, the greater the level of economic growth. Thus, education would upgrade human capital with curricula that would be entrepreneurial, scientific, flexible and generic (McCann, 1998).

In *Change and Challenge*, the province’s strategic economic plan, government embraced the view of education outlined in *Education for Self-Reliance*. The future prosperity of Newfoundland and Labrador would be determined by the establishment of a skilled, innovative and flexible workforce educated in science, mathematics, computer technology

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<sup>13</sup>. Interview with Avalon Gateway Regional Economic Development Board member, Colinet, NL.

and electronics. The emphasis on skills development at the expense of the humanities and social sciences was the result of lobbying by key business groups (the St. John's Board of Trade) who favoured an entrepreneurial format for education combined with the abolition of denominational control over schools (McCann, n.d.).

These trends led the Wells government to establish a Royal Commission in 1990 to study the possibility of creating a new system of education in the province. The report, *Our Children Our Future*, made a total of 211 recommendations. These included: the number of school boards be reduced from 27 to nine; that boards be elected by voters rather than appointed by the churches; that the role of the churches be limited to pastoral care and religious education only; the school year be extended to 200 days; dissolving the three denominational education councils, and the establishment of School Councils (*Our Children Our Future*, 1992).

The Royal Commission emphasized the importance of parental participation in education decision-making and school policy. Not only would board members be elected by voters, but parents would be encouraged to audit school performance, have a voice in school policy and reward improved performance by schools and teachers through the use of discretionary funding (McCann, n.d.).

There were two competing visions of education provided by the Royal Commission. First, the view offered by government, business and the sciences promoted a system based on new technologies that would foster competitive and entrepreneurial skills in students. Second, the view put forward by parents, teachers and the public saw the purpose of education as providing skills designed to enhance cooperation, citizenship and multiculturalism, an emphasis on music and the arts and increased parental participation and control.

Following the recommendations of the Royal Commission, the Wells government sought to negotiate with the churches a means of restructuring the school system. Both the Roman Catholic and Pentecostal churches were opposed to this process and had issued a minority report in response to the recommendations presented in the Royal Commission. In 1995, Premier Wells called for a referendum on denomination education reform to reform Term 17 of the Terms of Union between Newfoundland and Canada. Term 17 guaranteed that education in Newfoundland be based on denominational control by the churches. In 1969, the Anglican, United, Presbyterian and Salvation Army churches merged their schools into a single entity (integrated schools). The 1995 referendum called for government to retain denominational education but to allow for the reduction in the number of school boards from 27 to 10. A majority of voters (55%) endorsed the amendment. Boards would be elected.

However, the new amendment was confusing as it permitted both uni-denominational and inter-denominational schools. The Roman Catholic and Pentecostal churches challenged the results of the referendum and went to court to block any constitutional change to Term 17. Premier Tobin, following the decision of Justice Leo Barry in July, 1997, called for a second referendum to remove all denominational control over education in Newfoundland and Labrador (Department of Education, 2005). With a turnout of 53%, 73% of voters approved the amendment to Term 17. The power of the churches was removed from education. In 2004, government announced a further consolidation in the number of school boards from 11

into five. The rationale was based on declining enrolments and attempts to create administrative and managerial efficiencies. The Minister noted that since 1996-97, enrolments have declined by 23 percent and there are 29 percent fewer schools while the number of administrators and program staff have remained constant. The new boards are as follows:

- Labrador Board: 16 schools, 4466 students;
- Western Board: 82 schools, 14, 807 students;
- Central Board: 75 schools, 14, 752 students;
- Eastern Board: 127 schools, 44, 756 students, and
- Conseil Scholaire francophone provincial: five schools, 204 students (School Board Consolidation, 2004).

These new regional entities were larger and no public input was sought by government.

The removal of denominational control over the education system was a major driver of reform in Newfoundland and Labrador. However, an equally powerful driver was economics, in particular the increasing costs associated with keeping hundreds of rural and small schools open. The concept of school viability was introduced by the Royal Commission report in 1992 and became a key component of the reform process. What school viability was designed to do was to initiate a process for the closure and consolidation of schools and allow government to make the best use of declining fiscal resources. Two attempts to operationalize school viability were tried by government. In the first phase (1995), viability was defined in terms of class size. At the primary and elementary level, a minimum enrolment of 20 students was the bench mark for viability. For a Kindergarten to Grade Six school, a total of 140 students had to be enrolled. Any school with fewer pupils would be eligible for closure. The problem with this approach is that hundreds of schools in outport Newfoundland would be required to close. Residents in rural districts complained bitterly that a simplistic and quantitative approach by government to determine viability was wrong. As a result of public opinion, government retreated from this definition of viability (Mulcahy, 1999).

Government then introduced a revised viability plan whereby a school was required to offer a quality program for students regardless of enrollment: “Regardless of where they live or where their children attend school, parents in the Province should be confident that the school is able to offer a quality program” (quoted in Mulcahy, 1999:2). This measure of viability was vague. What is a quality program? How would it be defined? For government, a quality program meant more than providing the students with the core requirements. For many small rural schools, government argued that it would be more beneficial for students to be bussed to larger schools where the quality of program was superior to that in their own communities.

The politics of school reform becomes ugly and nasty when government wants to reduce or reallocate programs and services. For citizens in outport Newfoundland, school consolidation and closure was regarded as an attack on their ways of life by government. These persons were critical of government’s position on education and did not consider the changes

as improvements to the system (Mulcahy, 1999). Rural voters banded together and challenged government's decision to close their schools. For rural citizens, community schools were considered not only viable but extremely valuable and that the basis of reform should be the preservation and improvement of community based schooling (Mulcahy, 1999). Rural educators, town councilors, parents, and residents adopted an ecological approach to school reform. Closing a school has huge implications not only for the education of children but also for the economy and society. The decision to close a school can not, therefore, be made in isolation from the social, economic and healthy well-being of the whole community. As one rural resident put it,

“Taking a school out of a small community is like taking the heart right out of it. If you have no school, you have no children, no town. Government must realize that in rural Newfoundland, the school is a central institution, and as such, should be developed to impact our communities in a positive way towards the future of Newfoundland. The operation of a school provides a focal point for the community, a source of pride (quoted in Mulcahy, 1999: 7).

Like hospitals and medical facilities, schools are major employers in rural Newfoundland. The ability of a community to develop and prosper is often dependent on the presence of a community school. The school functions as a cultural and social anchor for rural communities. However, as Government seeks to reduce its funding commitments through the creation of efficiencies in education, it is likely that more schools will be closed.

Finally, we want to comment on the historic lack of parental involvement in the school system in Newfoundland and Labrador. The lack of participation has had enormous affects on education. Newfoundland and Labrador has no tradition of what educators refer to as local control over education. This means that local residents have not, until recently, been able to elect a school board which has, in other jurisdictions, the primary authority for public schools (Kim, 1997). School boards in the province, prior to the removal of denominational control over education, had a limited role in terms of the education system. Board areas of authority were confined to such items as school maintenance, facilitating the operation of the school and reporting what occurs in the school to government. The lack of local control over schools in the province is the result of the power of the churches. The churches appointed members to their educational councils and local residents had no opportunity to discuss matters relating to the education of their children (Kim, 1997). Schools were established by the churches, not local residents. Churches fundraised for the schools thus denying local residents the opportunity to assume control over financing. While the denominational schools were publicly funded by government, local residents did not have control over the disbursement of funds. Even in the post-referendum environment, government provides funds to the school boards with little accountability to local residents. We will discuss the composition and governance mechanisms of school boards in the next section of the paper.

In conclusion, education reform has been shaped by the forces of religion and the economy. The big debates over reform concern the closure and consolidation of schools, especially in rural and remote areas of the province. Education, like economic development and health care, has witnessed policy conflicts revolving around the urban-rural cleavage. However,

none of these reforms have occurred within an ecological model; rather, they are independent and autonomous of each other. Notwithstanding the important changes to the education system in Newfoundland and Labrador, the province continues to have high rates of illiteracy and levels of persons not completing high school. Table 3 presents summary statistics for each of the province's 20 economic zones with respect to levels of education.

**Table 3 Highest Level Of Schooling, 2001**

Economic Zone	% without High School Certificate	% with High School Certificate Only	% with Trades or Non-University	% with some University Education
1	50.1	8.3	28.1	13.2
2	27.8	12.6	38.7	20.9
3	38.9	7.1	36.9	17.1
4	44.8	10.0	36.4	8.6
5	51.8	13.5	24.2	10.4
6	53.5	8.5	24.1	13.9
7	59.5	9.4	19.1	12.1
8	42.2	9.3	28.4	20.0
9	51.2	8.2	26.5	14.1
10	59.5	7.2	21.9	11.4
11	57.0	9.7	22.0	11.3
12	46.1	10.1	27.9	15.9
13	58.0	9.9	20.9	11.2
14	51.7	10.5	24.7	13.1
15	51.4	10.5	25.8	12.3
16	50.1	8.2	28.4	13.4
17	48.5	10.5	26.9	14.1
18	46.0	7.8	32.4	13.8
19	29.9	9.0	28.7	32.4
20	47.6	9.1	28.0	15.3
Province	42.4	9.4	27.5	20.8
Canada	31.3	14.1	28.8	25.8

Note: Figures may not total 100 due to rounding. Source: Newfoundland and Labrador Community Accounts.

### ***Regionalization and Municipal Government***

In our final policy field, regionalization has had the smallest affect on reform. Significant attention to regionalizing the delivery of municipal services began in the mid-1970s largely because the Royal Commission on Municipal Government in Newfoundland and Labrador identified a need for structural change. In the mid-1990s, because of government's attempts to integrate policy planning and decision-making through the Strategic Social Plan, municipal restructuring along regional lines once again emerged into the limelight. The Minister, in a consultation paper, announced that government would begin to examine other

options for the regionalization of municipal service delivery in addition to the already existing Regional Council model developed for Fogo Island (The Time for Regionalization, 1996). The Regional Council model was created by the Royal Commission on Municipal Government in Newfoundland and Labrador and became formally entrenched through the Municipalities Act. This model allows for the creation of a mix of appointed and elected representatives to coordinate regional service delivery initiatives among municipalities, to provide municipal services and taxation to adjacent unincorporated areas and to explore further possibilities for new regional services (The Time for Regionalization, 1996). The model was developed for Fogo Island. The Island was considered to be a single region consisting of four municipalities and four unincorporated areas including three local service districts. The Regional Council has appointed representatives from the four municipalities and elected representation for the unincorporated areas.

However, the Minister noted in the consultation paper that the Regional Council model may not be appropriate for all areas of the province and that other options needed to be explored. Government announced that regionalization would move forward because it would ultimately result in municipalities receiving an improved level of services, the ability to cultivate a better quality of life, and to provide for social, economic and environmentally conscious development. The key principles guiding the reform of municipal government in Newfoundland and Labrador include:

- a clear demarcation of service responsibility between the Province and local governments;
- there needs to be consistency in the province's approach to the delivery of municipal services within incorporated areas as well as between incorporated and unincorporated areas;
- the provincial government endorses the ideas that citizens should contribute financially to the provision of municipal services provided to communities but also recognizes that not all communities are financially able to provide services without assistance;
- the cost and effectiveness of local government services can be improved if there is better coordination and joint service arrangements among communities, and
- coordination can be achieved if there is a formal structure in place at the local or regional level (The Time for Regionalization, 1996).

The twenty regional economic zones would be the basis for determining the regional groupings across the province for local government service delivery.

Based on the consultation document, government noted it had two choices with respect to regionalization of municipal services. First, the province could be divided into regions (based on the existing economic zones) and regional councils could be established through legislation for each area. The second choice would be for government to encourage municipalities to act voluntarily to provide for joint service delivery for adjacent communities. If desired, the communities could then petition government for the establishment of a regional council. Both options are problematic. As indicated above, the regional council model is not appropriate for every part of the province and thus would be

difficult to impose upon municipalities. The second option would likely create a patchwork of regional councils where some areas would enthusiastically endorse the idea while others may continue to work with the status quo. The second option would have the advantage of support coming from the grassroots of communities rather than being imposed from above by the province (The Time for Regionalization, 1996).

A second model for regional service delivery developed in the consultation paper was a regional service authority. This would be a body that would formalize ad hoc arrangements in existence or that could exist between municipalities to provide and coordinate services to two or more communities within a specific area (The Time for Regionalization, 1996). This model is based, in part, on that of regional services boards. These are intended to assist the delivery of various local services such as water supply, waste management, fire fighting and sewage among communities. This model did not become commonplace across the province. Instead, individual communities have been working together to deliver services either jointly or on a regional basis. One current example is the Avalon Waste project. This is an ambitious effort with the goal of merging 43 disposal sites into one location. This new waste site would cover the Avalon peninsula up to Clarenville. The Greater Avalon Waste Management Committee acknowledges that municipal governments have legislative authority for solid waste management and represent the focal point of impacts caused by the introduction of modern waste management practices. The Committee involves 15 individuals from areas such as the NLFM, Provincial Government and the municipalities throughout the region. The plan is to have the system implemented by 2010 (Tomblin, et.al., 2005).

The difficulty with respect to implementation is cost, which is expected to be around \$200 million. The committee also needs to ascertain what kind of waste is going into the dumps. As it stands the Province's waste facilities are in horrible condition. They do not meet environmental standards and many of them are located adjacent to small communities. The teepee incinerators are particularly environmentally destructive and they have exceeded their recommended lifespan. To help on the financial side the province is considering increasing tipping fees, which are much lower than the rest of Atlantic Canada.

The dumps are a concern for the expanding tourism industry because many are near small towns and hiking trails. The large amounts of rodents at the uncontrolled dumps are also a health concern. The 2001 public consultation found that people in NL would support an increase in fees or taxes to help increase green initiatives. The public consultation also found that people are very supportive of regional cooperation in this field as a means to cut costs and increase the effectiveness of waste management.

In the consultation paper, government announced that any decision to proceed with regional restructuring would require the initiation of feasibility studies for each proposed region. The focus of these studies would be to determine whether a formalized regional municipal government institution could deliver the necessary services in a particular areas. Issues to be addressed by the feasibility studies include:

- demographics;

- selection of boundaries for regions;
- the economy and its relationship with the REDB;
- inventories of community services, commonly provided services and municipal infrastructure and equipment;
- current regional service delivery arrangements (if any);
- types of services to be delivered in a regional format;
- funding;
- governance;
- administrative structure;
- property assessments;
- taxation and user fees, and
- restructuring options (The Time for Regionalization, 1996).

Government wanted to initiate and implement policy change with respect to municipal governance. Key policy-makers were of the view that regionalization was an appropriate and necessary solution to the problem of increasing costs and duplications of services among municipalities. The pan-provincial association representing municipalities across the province endorsed government's objective:

*“The potential for rationalization of duplicate or inefficient services is significant using a regional approach. Current inequities associated with service levels provided to unincorporated communities relative to those that can be provided by their incorporated neighbours who need to support such services from locally-derived revenues must be rectified. The climate in which municipalities operate and come together in regional cooperation must be opened up to support such local initiatives. Local initiative must be encouraged, enabled and promoted: we are a province of survivors and innovators, and as such we do have a future” (quoted in The Time for Regionalization, 1996:8).*

In 1997 there was a major report on the need for regionalization and the sharing of services. The Task Force on Regionalization conducted interviews and seminars with municipal officials and the public throughout the province. The Task Force came to the conclusion that regionalization was a necessary step that would benefit the province. The sharing of services between rural municipalities was suggested as a potential solution to their problems. However, the public was not very supportive. The Task Force found that the “overwhelming response was one of ‘go away, leave us alone, we’re already doing the best we can to share with our neighbours (Task Force on Municipal Regionalization, 1997:7-8)”.

The Task Force evaluated several models of regional service delivery for the province using the following criteria: sense of community; balance of interests; adequate financial base; economies of scale; regional cooperation; community participation and acceptability and the utility of boundaries for other purposes (Task Force on Municipal Regionalization, 1997). The model recommended in the Report is a Regional County Services Board. Each Board would be governed by a Board of Directors, some of whom would be appointed by municipal councils from among their own members while others would be directly elected from unincorporated areas within the Regional County. The number of Directors and the

balance between appointed and elected representatives would vary according to the needs of each Regional County. It was also recommended that each Regional County be given jurisdiction over land use planning and solid waste disposal within the County outside of municipal boundaries (Task Force on Municipal Regionalization, 1997:9). Additional areas of jurisdiction could be assumed by the Regional Counties on the recommendation of their Boards of Directors. Further, all votes on the Regional County Services Board would require a triple  $\frac{2}{3}$  majority:  $\frac{2}{3}$  of the Directors, representing  $\frac{2}{3}$  of the communities with  $\frac{2}{3}$  of the population. Directors would be limited to two four year terms and would be subject to recall by their constituents or municipal councils.

In recommending the adoption of Regional County Services Boards, the Task Force noted the high level of interaction between municipalities and the province's REDBs. Municipalities were among the original groups invited to the table when the REDBs were conceived in the early 1990s and municipalities have the highest level of representation on the Boards. The Task Force noted that functions of the REDBs could be strengthened by bringing them in line with an elected and accountable regional government: "The Task Force believes that Regional Economic Development Boards can play a major role in fostering economic development, but feel that since municipalities are slated to be given legislative authority for economic development, greater coordination between the Regional Economic Development Boards and a regional municipal authority is necessary" (Task Force on Municipal Regionalization, 1997:77).

In conclusion, regionalization has been nearly non-existent with respect to municipal restructuring mainly because communities do not desire another level of government and are jealous of ceding any power to a neighbour. Given the lack of a strong tradition of local government in Newfoundland and the isolation of many communities due to geography, it is difficult to create a regional identity among different communities. People are strongly local in their cultural and political orientations and this acts as a barrier for individuals and groups to create regional or meso-level tiers of institutions to provide services or to coordinate delivery. The inability of regional boards, whether health, economic or education in scope, to capture citizens' attention for an attachment to "place" continues to be the main reason why this model has not succeeded with respect to policy.

#### **PART FOUR: SIMILARITIES AND DIFFERENCES WITH REGIONALIZATION**

The attempts to regionalize service delivery in health care, economic development, education and municipal government share a number of commonalities. These can be evaluated along three dimensions: institutions, ideas and interests. What kinds of institutions have been developed for regionalization in Newfoundland and Labrador? In the realm of municipal government, there are no formal regional institutions. The recommendations from the Task Force on Municipal Regionalization were not adopted by government and the only kind of regionalization in place involves voluntary cooperation among communities. In education, school boards continue to have administrative jurisdiction over school maintenance, hiring and management. These boards are the only ones that are elected, in toto, by voters across the province. However, as institutions, school boards lack control over finances, are not

permitted to fundraise on a large scale and are often ignored with respect to decision-making. The number of school boards has been reduced as the current government desires to reduce administrative duplication and save money. For the regional economic development boards, they continue to exist but with little improvement in terms of authority. While REDB members are elected from different constituencies, these entities have seen their budgets reduced by government. For many in rural Newfoundland, there is lack of capacity for economic development as different groups, from the old rural development association days to federal bureaucrats, jockey for power in shaping decision-making. As well, government has not made the REDBs a key part of their economic development strategy thus reducing the ability of these institutions to fulfill their mandate. House (2003) notes that the following changes need to occur to make rural economic development a reality in Newfoundland and Labrador:

- political leadership: there must be both leadership from the top and the bottom. As House notes, “Nothing could boost the morale or improve the chances for success of the regional boards more than a resounding and authentic vote of support from the premier of the province, reinforced by a similar forceful endorsement from Newfoundland’s ... cabinet minister” (House, 2003:263).
- clear policy direction for the fishery: the effects of the cod moratorium were devastating for rural Newfoundland. However, House points out that there is a window of opportunity to develop a fisheries policy that is long-term, balanced, sustainable and sanctions the appropriate use of technology. Such a policy would help to stabilize rural communities, assist in economic planning and provide a healthy environment for individuals.
- decentralization of government decision-making: decisions should be made on the ground and in the field rather than at someone’s desk or in a meeting room in a downtown St. John’s hotel. More effort is required to give ACOA and DITRD staff the ability to make decisions in the field.
- establishment of a lead agency: there should be one central institutional entity that directs and guides regional economic development with appropriate cabinet level support.
- mobilizing non-governmental leadership: groups such as the Board of Trade, Chambers of Commerce, labour unions, sectoral groups and academia need to be brought into the process of regional economic development as full partners.\
- building supportive capacity: the REDBs need to be given adequate funding so that more time can be spent on project development than on fundraising. Local sources for investment capital need to be found and should be established to work in partnership with the REDBs.
- outward looking REDBs: “As the once inward-looking Irish have learned only too well, you have to be outward-looking to succeed, to grow, to create new wealth, and to generate new employment for your people” (House, 2003:265). The REDBs need to

reflect on their own planning in light of the changing national and world economy. Activists need to set aside their hostility toward and suspicion of outsiders involved in regional economic development. Young people need to be taught that there are opportunities for small business growth in their own communities.

With respect to the regional integrated health authorities, government has handicapped them in two areas: health human resources and needs-based budgeting. The RIHAs can hire doctors, nurses and other health professionals but have no control over wages, salaries and fees paid since these are determined by government. The health authorities have been lobbying unsuccessfully to have government implement a needs-based budgeting system for health spending rather than the current ministerial envelope funding model. The health authorities do not desire political interference in health funding. Instead, money needs to be allocated on the basis of patient needs in different areas of the province. Members of the health authorities are appointed by government giving the province a degree of control over policy as well. Several of House's recommendations with respect to economic development could easily be applied to education and health care.

The ideas that have driven regionalization in the province focus primarily on cost savings. Government saw and continues to endorse regionalization as a solution to rising program and administrative costs for service delivery. Fewer regions means savings in terms of administration and management; centralizing health delivery and constructing regional feeder schools means a reduction in the number of facilities; volunteer boards mean little or no money needs to be paid out by government. The key ideas given birth to regionalization focus on how to best respond to political, social and fiscal crises such as the 1992 cod moratorium, out of control debt and budget deficits, increasing health costs and widespread opposition to tax increases. Citizen participation has been given lip service by politicians and bureaucrats and regionalization in Newfoundland and Labrador has been a province-centred exercise rather than one emanating from the grassroots level. For the most part, the views of citizens have been ignored in the drive toward regionalization because government desires to control the process and policy outcomes.

The interests contending for power within regionalization are limited to those of the elite and well funded advocacy groups. In health, the key interests are doctors, health professionals and groups representing the rights of patients with particular afflictions (heart disease; autism; arthritis, cancer). The poor, the mentally ill, and other marginalized groups are generally ignored and rendered invisible. In economic development, competition and jealousy among federal and provincial bureaucrats and tensions between and among communities have stymied the process and frustrated local groups who seek to preserve their municipalities (Dunn, 2003). In education, middle-class parents' groups have successfully lobbied for keeping schools with French immersion programs opened and for constructing new facilities equipped with state of the art class rooms and resources. The various policy communities that exist are exclusive with respect to regionalization, function as separate entities in terms of policy-making and usually privilege the interests of urban, especially St. John's, citizens over those of rural voters. The fault line in Newfoundland politics and public policy is the urban-rural divide. The urban population is growing at the expense of rural communities. Economic prosperity derived from the province's new found oil wealth

appears to be confined to St. John's and the Avalon Peninsula and hospital services are becoming more difficult to access in isolated areas. For reform to occur and new institutions to take shape, this fault line must be erased. Otherwise, we will have two Newfoundlands: one that is relatively prosperous, healthy, well educated with decent municipal services and the other poor, economically underdeveloped, dependent on government transfers, aging and neither healthy nor well-educated.

## **CONCLUSION: CHALLENGES OF REGIONAL GOVERNANCE**

Regionalization as a strategy for transformation is widespread in Europe, the United States, Australia, New Zealand, and Canada across both jurisdictions as well as policy fields. We need to recognize it is a very popular model of transformation comparable to globalization, or industrialization. As such, there is much to be gained by understanding these dominant ideas are not “inevitable” but rather are constructed through a social, cultural, and political struggle. Regionalization is a contested concept that has different meanings and objectives, and it is important to recognize what external market, state elites are producing with respect to regional transformations, the outcomes achieved, and the impact these new patterns of state-society relations are having on different communities. In some jurisdictions, regionalization in the health care sector is designed to strengthen market forces and weaken state regulation. It provided a backdoor for encouraging experiments in privatization, and besides, doctors and drug companies were never constrained by regionalization processes or structures anyway. Such transformations in state-society matter a great deal and if elites control the pace and direction of regionalization and have little motivation to worry about the future sustainability of communities, the process of change will be rather smooth.

There is much at stake and these competitive silos we have built (which reflect the power and capacity of old ideas, institutions, interests) need to be understood and contested but based upon NL knowledge and experiences. The fact that regionalization is as popular as it is reflects the power of underlying interests and institutions. We argue that these are unlikely to go away and unless patterns of transformation, regional outcomes, strategies, and unintended consequences are understood and debated as part of a larger governance structure, it will be very difficult to contest imposed frameworks or build alternative strategies.

Our paper focused on evaluating different Newfoundland and Labrador regional experiments for the purpose of constructing knowledge about what has been created, the competing objectives involved, mechanisms and processes relied upon to make and implement decisions, and in the end, whether this has enhanced social learning or produced better outcomes. Our intent is straight-forward: to map out the recent history of regionalization in NL, compare these with best regional governance practices, but across policy fields.

When we consider the number of regional experiments in Canada within provinces, or cross-border level, it is quite remarkable that there has not been more discussion of the pressures from both below (social diversity) and above (globalization) that created a sense of crisis and

then desire for transformation in the first place. Nor has there been much discussion about how best to proceed on discussions over transformation and who should be involved. In NL, there were different approaches to regionalization competing for influence, but these operated in their own isolated and competitive silos.

The pace and direction of transformation for any society, jurisdiction, or policy field will ultimately depend on the power of embedded ideas, interests, and institutions connected with the old regime. Much will also depend on whether the old system can be reformed in a way that is responsive and incremental. On the other hand, new radical visions (regional or otherwise) will require capacity, partners, and integrated knowledge construction and dissemination processes and mechanisms to become institutionalized. Regionalization is a contested concept which reflects competing ideas, interests, and institutions. In one setting, it may be used to justify expert-rule, in another, privatization. In Alberta, for example, regionalization has strengthened privatization. In Saskatchewan, regionalization has been pushed as a way to strengthen collectivism.

In our case-study on NL, our intent is not to narrow the debate over regionalization into separate policy fields, but rather, to bring different interests together to discuss new types of transformation and forms of resistance- but in a way that allows Newfoundland and Labrador citizens themselves to debate alternative options and scenarios that better fit their realities. Since regionalization is a contested concept and product of crisis, it provides an opportunity for us to construct our own mental map based on our own history, values, and interests. We are not living in Alberta nor Saskatchewan, but unless we fully recognize the fact that these regional experiments fall within provincial jurisdiction, there will be little opportunity to bring different interests (decision-makers, academics, business, voluntary sector) together for the objective of pooling resources, joint problem-definition, innovation, and implementation.

For example, health is a significant part of the provincial economy, and problems of maintenance and recruitment are critical for the future of the province. Given the challenges associated with a human-resource, service-based economy, there is a growing need to come up with new mechanisms and processes that deal with these new realities but in a way that reflects the needs and priorities of NL. While regionalization and privatization may be popular in Alberta, new ways need to be found to build support for issues of equity and social justice. From our perspective, fragmented regional experiments in NL work against the quest to take advantage of openings to build new, more integrated coherent mental maps, where business, youth, health officials, volunteers, academics, and decision-makers can interact, cooperate, produce and implement coherent regional programs. These internal divisions have undermined regional coherence in the province and there is much need for constructing new forms of regional integration and interaction. Rather, than recommending a particular model for change, we will discuss some options that might be considered for NL.

Renewing governance based on the current silo-based policy system provides much confusion for the public, academics, decision-makers and does little for promoting a more interdisciplinary, transparent, social policy learning framework in NL. Regionalization is a strategy designed to deal with the challenges of “interdependence.” As such, what we faced in NL is an issue of multi-level governance, and whether we want to rethink old ideas,

interests, formal/informal connections, in a way that is more integrated and interactive. If a new NL regional partnership is built across policy fields, what impacts would this have on public-private partnerships within regions, formal systems of representation, knowledge construction, and implementation?

Regionalization as we have seen is connected with various objectives and values. It is also a product of globalization, social diversity, and an effort to create new synergies and forms of interaction in response to changing circumstance, even a crisis. In practice, old policy boundaries have survived. Highly decentralized, fragmented policy fields have worked against the building of a common regional vision, where different interests could work together on issues of private-public partnerships, health restructuring, education, and municipal restructuring.

Regionalization is often viewed as a way to develop a niche, build social partnerships, knowledge, and capacity linked to a sustainable region. What is doable or sustainable may work differently in dissimilar locations, but the key according to boosters of regional governance is to get away from government, pay less attention to formal rules, create new synergies, and find ways to link and match public, private, voluntary actors, ideas, and institutions.

Viewed historically, NL has had much experience with social diversity as well as globalization. This is reflected in the history of cottage hospitals, Fisherman's Protective Union, Co-ops, denominational influences, trucking system, and public-private policy experiments since 1949. Conventional policy instruments and fields have worked against new synergies and forms of regional integration and interaction.

The current policy-field specific forms of regionalization in NL limit the promotion of resources and information sharing essential for building more autonomous regions. Existing public agencies may be reluctant to shift from a more unitary to inter-actionist focus based on territorial-jurisdictional considerations. Or, they may be concerned about the challenges of privatization, or challenges of building sufficient public policy capacity in marginal, rural regions. A further complication is that these policy fields often rely upon federal support, leadership, and resources for sustainability. It is evident that these federal conditions complicate efforts to effect the building and encouraging of regional diversification. As a result, there has been a tendency to rely upon old province-centred ideas, networks, and assumptions about markets, states, and current circumstances. Such an approach has worked against efforts to contest power, construct regional partnerships, and find new ways to debate, replace, or reform linkages across communities and policy networks based on a common regional map.

According to regional planners, integrated, autonomous regional networks construct their own knowledge, set their own priorities and rely upon their own mental maps to define external challenges, or shape local contexts. In an era of globalization and social diversity, regional reformers argue that there is much to be gained or lost in a period of increasing "interdependence," when the state is in decline and there is an opportunity to reinforce regional clustering, new forms of innovation and knowledge dissemination.

As we have discussed above, there are various options for transforming regions. But developing strong integrated networks with knowledge, capacity, autonomy, and resources required for building common mental maps, interests, and co-operative institutions across policy fields requires paying closer attention to different types of partnerships. For regions lacking capacity, a reduced role for government may not be a good idea. Or, it may be the case that certain general services should be centralized, while others devolved to the regions. Another option or approach to devolution might involve establishing representative institutions at the sub-provincial level (either elected or appointed by civil society) and establishing expert-based Commissions to evaluate outcomes.

There are various paths or ways for building community capacity, identity, and sustainable regional collectivities with access to economic and political resources required to manage future market and state trends. Since there is clear empirical evidence that regionalization and multi-level governance is the way of the future, it seems logical that there would be benefits to creating a policy-political context that would facilitate new informal and formal interactions among local, regional, provincial, and national stakeholders within NL. A collective regional identity would provide an opportunity to examine resources available across policy fields, objectives, and prospects for building sustainable regions relying upon partnership formation, new forms of knowledge construction, dissemination, and implementation. Or, if this were not a viable option, alternative scenarios and visions could be constructed in the struggle to redefine market-state responsibilities in a new era.

In order to provide a process that is open, transparent, effective, and legitimate, more emphasis needs to be placed on finding ways to bring different regional silos together in a way that will produce a common perception of reality, and shared priorities and framework for action. It would make sense to arrange regular meetings, interactions, but in a way that is cooperative, not competitive, and ensures that best public policy practices are employed.

In Europe, since regionalization does not have a strong institutional base, emphasis has been placed on forging and encouraging regional partnerships. As a result of European Commission activities, business and voluntary partners were encouraged to operate within policy networks. These created gaps in knowledge construction and implementation that were filled by partners themselves. As noted by Svensson and Osthol, “The policy networks revolving around regional and structural policies are not based on pre-existing domestic and sub-national institutions (Svensson and Osthol: 29).”

Accordingly,

*“In the process new bodies were set up in addition to already existing national institutions such as development agencies, local-, and regional governments and councils. Extra-administrative bodies were created to monitor, evaluate, implement, and give input to application schemes for funding (Svensson and Osthol: 29).”*

In Canada or even NL, there have been lots of public experiments involving both formal and informal mechanisms and processes. In the medical field, for example, doctors have always

enjoyed much autonomy and independence in their role as agents of the state for the delivery of certain health services. Notably, there may be differences in voluntary capacity or maintenance and recruitment that may need to be considered. In the health care system, urban doctors tend to be paid on a fee-for-service basis, while most rural doctors are salary-based. Hence, there may not be one fit or best model for all regions.

Aboriginal governance, Nunavut, Yukon, the Northwest territories, Scottish devolution, policy experiments with waiting lists, immigration, even federal-provincial labour agreements offer examples of efforts to devolve power and promote collaboration across policy fields and jurisdictions. In Europe, new structures and forms of knowledge have been created for the purpose of creating new linkages among societal and government actors. Based on a principle of subsidiarity, the intent is to avoid homogenization but still construct and institutionalize a common set of values, interests and institutions that are viable. Regional partnerships may not be the best approach for every society, but it offers a chance to bring together municipal, business, university, health stakeholders, decision-makers together to establish common priorities, capacity, and systems of implementation. As in the case with General Development Agreements and other forms of federal finance, such experiments do create various challenges with respect to accountability, but these can be handed by constructing an evidence-based system of assessment. For example, waiting list reforms are assessed on a constant basis. Despite such challenges, these pale in comparison to operating within the current system where regions are divided into policy silos and there are few opportunities to encourage policy learning and innovation across sectors or incorporate competing perspectives.

Regionalization may require different types of partnerships but there will also be a need for strengthening institutional interactions in a way that will encourage policy learning, innovation across policy fields and networks. The creation of a Tri-Council, with representation of key institutions and stakeholders would facilitate new forms of integration and discussion. Such an approach should highlight the need for an open and transparent process where lines of responsibility and accountability are clearly spelled out. It would be comparable to a Health Council, Atlantic Premier's Council, or European Council. It might also be a good idea to erect some kind of Commission consisting of experts alone, or in partnership with decision-makers and community stakeholders. Their task would be to research outcomes, build partnerships with others to construct coherent regional visions that build upon local values and policy traditions.

There are various other possible ways to build institutional support for regions within and across embedded state-society divisions. In the United Kingdom, Scottish Devolution went much further than the case of British regions, but this was accommodated. These asymmetrical arrangements have had a long history in Canada, as evidence in recent federal-provincial labour agreements. One approach to regionalization might consist of building an Intrastate structure at the centre (even a second chamber) where appointed or elected officials participated in agenda-setting, problem definition, and discussing challenges with implementation. In Germany, the second chamber consists of representatives of the regions and these regions are responsible for the implementation of government programs.

Another model (Interstate regionalism) would deal with regional issues by creating strong regions that enjoy much autonomy and independence. Comparable to Canadian federalism, regional issues would be dealt with on either a bi-lateral basis with the centre, or at intergovernmental meetings.

Predictably, the pace and direction of regionalization will, in the end, depend on the power and authority of current silos, and their resistance to devolving power and capacity to the regional level. The polarized and separate regional debates of the past worked against constructing a more interconnected set of norms and standards on a regional basis. If we are serious about regionalization then an effort needs to be made to find ways to connect, form common mental maps, and find ways to enhance policy learning and innovation.

At the regional level there should be more opportunities for the regions themselves to explore alternative scenarios, but not based on current policy divisions. The formation of regional partnerships are influenced by factors such as capacity, resources, and policy instruments and this may end up either promoting asymmetrical regions or choosing alternative frameworks.

What the province can no longer afford is a haphazard, uncoordinated approach to regionalization which divides communities into competing silos, and undermines policy learning across policy fields. We need to understand what we have built and find better ways to integrate, bring different regional interests together to construct common values, and objectives, and then find ways to sort out accountability, monitor and measure outcomes, and then have a public debate on what changes are required. In an era of multiple provincial objectives (urban versus rural, efficiency versus equity, natural versus human resource, etc.) regionalization has emerged as a means to manage costs, while dealing with issues of equity and social justice. Unless or until this is acknowledged, and there is a clear attempt to integrate regional debates across policy fields, increase transparency, and create an alternate regional system that is legitimate, transparent, and accountable to citizens, regionalization is bound to fail. It may be an experiment worth considering, but much more needs to be done to adopt good regional governance practices.

Even if we ignore these calls for change, regionalization will not go away, in fact, it seems to be gaining momentum in much of the world, especially Europe and North America. In this sense, it has much in common with modernization. In the case of Quebec, modernization was finally accepted in the 1960's but it was decided it was time for a "Quiet Revolution" and a more democratic, transparent approach to deal with these new realities. For the most part, while there were challenges, Quebec benefited by creating a more integrated approach to defining and responding to forces of modernization.

Viewed from this angle, unless efforts are made to recognize what has been built and new ways are found for promoting new forms of regional integration and interaction, the province will miss an opportunity to renew governance based on a learning-based, collaborative regional framework that reflects local values and objectives. The choice is ours, either accept imposed systems of regionalization in different policy fields that reflect external and elite definitions of problems, or find new ways to construct a more transparent, evidence-

based regional system that is capable of dealing with new realities but based on a new more integrated, democratic, learning-based and decision-making vision. The world around us is complex, but regionalization does not need to be designed to produce separate silo and cells. These silos are a reflection of external capacity and power. Constructing common regional visions works best when the mechanisms and processes involved are themselves integrated, interactive, and cut across organizational boundaries. Since these are all ultimately province-centered silos, we need to recognize that much can be done to renew regional governance. It is all a matter of choice and creating a context where there is an opportunity to form common perceptions, and produce a consensus on NL regional objectives and processes.

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