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Economic Zones of Northern Ontario: City-Regions and Industrial Corridors

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Executive Summary

As the twenty-first-century global economic system unfolds, it is exposing the fragility of national models of economic governance. Globalization is shifting economic power both upward to transnational forces and downward to subnational or regional spaces. Now emerging are new, localized production systems of specialized, geographically delineated industrial zones, which are becoming the main spaces for contemporary economic development and governance. In this process, however, local communities have become increasingly vulnerable. Regions that are able to exploit the opportunities presented by the disruptive forces of industrial restructuring are those that can leverage their economic and social assets to reinvent themselves.

In Northern Ontario, the widening diversity of problems among its constituent communities provides evidence that spatial policies, planning, and practices aimed at addressing their specific economic challenges are a more viable alternative to one-size-fits-all, top-down programs. This study thus examines Northern Ontario's economic zones or clusters, and argues that these zones are natural governance units for economic development planning and investment.

Four commonly held views about economic clusters in Northern Ontario date back to the early years of the region's frontier economy. One conceives of the region as simply two growth poles, with Sudbury and Thunder Bay serving as their respective urban hubs. A second perspective is to see the five major urban centres with populations of more than 40,000 — namely, Sudbury, Thunder Bay, Sault Ste. Marie, Timmins, and North Bay — as the main economic zones of the region. A third construct is based on the two major transportation corridors of Highway 11 and Highway 17, and assumes that people and goods naturally follow these road network in the form of industrial corridors. A fourth approach to economic clusters is based on the tendency to conflate Northern Ontario's administrative districts with economic zones, even though such districts serve different purposes than economic zones for strategic industrial policy and community economic development policy.

This study, however, introduces the concept of geographic economic clusters as the main lens through which to better understand Northern Ontario's economic zones. These clusters are divided into six "city-regions" — Sudbury, Thunder Bay, Sault Ste. Marie, Timmins, North Bay, and Kenora — centred around major urban areas; and five "industrial corridors" — Temiskaming Shores, Greenstone-Marathon, Fort Frances, Parry Sound, and Manitoulin Island — centred around a collection of relatively smaller but geographically proximate communities sharing key similar sectors, assets, and needs.

It should be noted that another important region, the Far North, has largely been excluded from this study. The particular characteristics, potential, and constraints of the Far North are distinct from those of the other economic regions of Northern Ontario. It is a unique region with special needs based on issues of access, distance, and density. For instance, these communities need investment in rudimentary physical and social services infrastructure just to bring them up to par with other communities covered in this study. The problems of isolation, lack of basic road and rail access, and subsequent socio-economic exclusion are particularly poignant in these Far North communities. The deliberations about strategic investment in the Far North, however, should not be restricted to thinking simply about road access. Rather, it should be a larger framework of community capacity building through the provision of basic necessities that most Canadians take for granted: safe drinking water, electricity, and broadband Internet access.

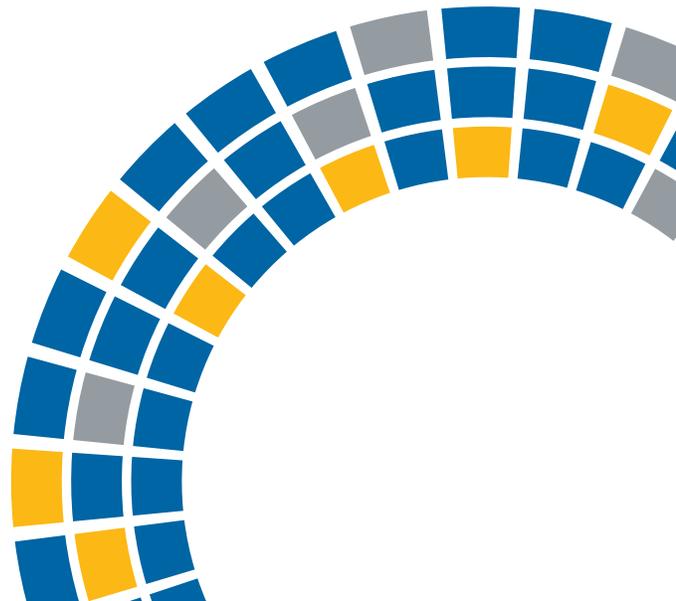
Thinking about Northern Ontario's economy in terms of geographic economic clusters has implications for public policy. Some evidence of positive changes emerging from the challenges of economic restructuring can be seen in the extremely strong desire on the part of local communities to preserve their existence, reinvent themselves, and adapt to the imperatives of a post-industrial economy. This determination to ride the wave of change must be matched, however, by the platforms and processes needed to enable these communities to leverage and mobilize their economic assets. Such communities need to feel a sense of control of their own socio-economic destiny and be a critical part of the identification of assets and challenges and the prioritizing of investment decisions.

Communities do not always require lofty blueprints of growth plans; instead, they need a local governance infrastructure that enables them to mobilize ideas and resources to ensure a sustainable future for themselves, and the partnership of upper levels of government to help them make the necessary investment in realizing those ideas. This strategy points to the imperative of greater local control of the economy and new partnerships among constellations of municipalities bound together by geography, shared assets, and common challenges. Economic development does not need rigid governance structure, but fluid platforms to think strategically and act regionally with respect to sector-specific supply chains, agglomerations, shared opportunities, and needs. At present, Northern Ontario has no such platforms.

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I am greatly indebted to my family for their remarkable support of my successful completion of this project. As always, they stoically endured my countless hours of self-imposed solitary confinement in my study and at work away from home conducting research. I also owe a deep gratitude to the many interviewees in the public and private sectors and in a number of non-governmental organizations who shared their valuable experiences and insight with me. I was often amazed by their grace in fielding my usually inquisitive and audacious questions about their organizations. They accommodated my harassment and sometimes erratic schedule with patience and a willingness to avail me of their valuable time. Without their expertise and support, this project would not have been possible.

Finally, I wish to thank the Northern Policy Institute (NPI) for giving me the opportunity to undertake a project so close to my heart — studying developments in Northern Ontario. The breathtaking landscape and unspoiled beauty of the region's natural wonders have etched a special place in my heart, and it is this passion that I bring to my current research. Through the support of the NPI, I was able to conduct extensive research around the region and meet with people across all sectors whose daily work contributes to the building of this vast, rich, and beautiful part of Ontario.



Introduction

Prime Minister Justin Trudeau famously declared at a high-powered gathering of the World Economic Forum Annual Meeting in Davos, Switzerland, in January 2016 that “[m]y predecessor [Stephen Harper] wanted you to know Canada for its resources. I want you to know Canadians for our resourcefulness” (Milner 2016). This statement signals a visionary embrace of the opportunities and challenges of the twenty-first-century economy. It is a generally accepted axiom, however, that no single national policy of economic development would work in a country as vast and diverse as Canada (Bradford and Wolfe 2011; Conteh 2013; Savoie 2003). The most practical and effective way to tap the country’s resourcefulness in the current age of unprecedented industrial restructuring is for each region to exploit its assets and strengths fully while addressing its peculiar challenges. Cookie-cutter national economic policies have never worked in Canada or anywhere else in the world. Indeed, most residents of Northern Ontario know this all too well.

One significant aspect of the transformation that is occurring in the global economic system as the twenty-first century unfolds is the exposure of the fragility of national models of economic governance (Asheim, Cooke, and Martin 2006; Porter 1998; Scott 2001). Just over two decades ago, many observers wondered whether the major shifts in industrial structure, the rise of mass production methods, and the emergence of the large integrated firm would result in the demise of localized concentrations of specialized activities. Not so; rather, quite the opposite is happening.

Globalization is shifting economic power upward to transnational forces on the one hand, and downward to subnational or regional spaces on the other (OECD 2007; Storper 2013). These countervailing trends are some of the central paradoxes of globalization. Some observers refer to this paradox as “glocalization.” Globalization and technological change seem to be reinforcing, instead of undermining, the importance of “location” in the organization of economic life. What have emerged are new localized production systems of specialized, geographically delineated industrial agglomeration. These point to the general resurgence of geographic clusters of economic regions as the main spaces of contemporary economic development and governance. This means, therefore, that the global economic system should be best understood as a mosaic of subnational regions of production and exchange (Gertler and Wolfe 2006; Scott 2001). Globalization of economic activity over the past few decades thus has deepened the centrality of territorially delimited subnational regions acting as critical loci of economic governance and reinvention.

The disruptive forces of global economic restructuring also mean, however, that local communities have

become increasingly vulnerable (Conteh 2015; Eraydin and Taşan-Kok 2013; Storper 2013). The regions that successfully combat the threats and exploit the opportunities of the disruptive forces of industrial restructuring are those that can leverage their tangible and intangible economic and social assets to reinvent themselves. In Northern Ontario, for instance, the widening diversity of problems among its constituent communities provides evidence that spatial policies, planning, and practices aimed at addressing the specific economic challenges of communities are more viable alternatives to the one-size-fits-all, top-down programs of conventional policy interventions.

In light of the above, the goal of this study is to determine at a more fundamental level how many economic regions or clusters there are in Northern Ontario.¹ In pursuit of this goal, I offer a deeper understanding of the distinct and peculiar configurations of Northern Ontario’s economic regions and clusters, and argue that these economic zones should be treated as natural governance units for the purposes of economic development planning and investment. This undertaking is highly important because it should precede any meaningful discussion about bottom-up models of economic development. The study sheds light on long-prevailing assumptions about the configuration of the region’s economy, given the distinct assets and needs of clusters of communities across its vast geographic space.

First, however, a brief note on the research methodology is in order. One challenge of studying economic clusters is that boundaries often do not correspond to conventional industry classifications that statistics-gathering agencies use. Economic clusters are often formed by a complex combination of activities involving trade in raw materials, intermediate goods, final products, machinery industries, and the like (Belussi 2006); thus, conventional industrial classifications might prove misleading (Penaccina 2006). It is more fruitful to use concepts of interrelatedness guided by the industries’ technology base (Porter 1998) – namely, the range of horizontally and vertically related industries that provide the most organic and realistic indications of agglomerations and complementary industries within a given geographic node.

Therefore, the approach I take in this study to identify clusters is to look for geographic nodes of economic activities with notable strengths in specific sectors in Northern Ontario. Since there Statistics Canada

1 I use the terms “clusters,” “regions,” “zones,” and “corridors” interchangeably in this study. Although different research traditions prefer one term over another, they all generally mean the same thing: a geographically delineated space of economic agglomeration manifesting a relatively high specialization or density in one or more sectors of the economy.

provides no data on Northern Ontario's economic regions, I have relied on in-depth interviews with key actors across the nine cities and larger towns of Northern Ontario to confirm the existence, strength, and breadth of particular economic sectors within their community. The interviewees include local economic development officers, Community Futures Development Corporation officials, staff in each of the main economic development agencies from the two upper levels of government — FedNor; the Northern Ontario Heritage Fund Corporation (NOHFC); and the Ontario Ministry of Northern Development and Mines (MNDM) — local private sector officials in respective chambers of commerce, individual business people in the lead sectors of identified economic clusters, officials from non-profit groups, and researchers in post-secondary institutions across Northern Ontario. In all, I conducted forty-six interviews (each lasting about one hour) over a period of two months (May–June 2016).

I asked interviewees to identify the main economic sectors within their respective cities, towns, and surrounding rural communities. I also asked them to describe the main export/trading activities of their communities. I then supplemented these interviews with content analysis of economic sector drivers identified in the strategic economic growth plans of the various communities.² I then combined the interviews and content analysis with population size estimates from census data pertaining to each of the identified geographic economic clusters to highlight the size of their respective labour forces and markets.

The economic clusters identified in this study are thus the result of the integration of interview responses about actors' demarcation of such clusters in the region, content analysis of economic growth plan documents, and statistical census data.

The rest of the discussion is structured as follows. I begin by providing a brief panoramic overview of the economic and social structure of Northern Ontario. I then critically outline some of the prevailing constructs of the region's economic zones, and highlight the key problems and limitations of each construct. Then I introduce the concept of geographic economic clusters as the main lens through which one can better understand these economic zones. This section of the discussion involves a review of the current academic and policy literature, as well as an analysis of the main criteria used in this study for investigating geographic economic clusters. This is followed by an examination and mapping out of the economic clusters based on the findings from the field research discussed above. I conclude the study with a discussion about the public policy implications of thinking about Northern Ontario's economy in terms of geographic economic clusters.

Principally, this section addresses the question: From an economic governance standpoint, what are the potential benefits of economic clusters? Relatedly, how can the tangible and intangible assets of these clusters be mobilized to exploit the opportunities and confront the challenges of industrial restructuring and global economic change?

Please Note: *the communities in the Far North have been excluded from this study because their particular characteristics, potential, and constraints are distinct from those of the other economic regions of Northern Ontario. The Far North is a unique region with special needs based on issues of access, distance, and density. For instance, these communities need investment in rudimentary physical and social services infrastructure just to bring them up to par with other communities covered in this study. The problems of isolation, lack of basic road and rail access, and subsequent socio-economic exclusion are particularly poignant in these Far North communities. The deliberations about strategic investment in the Far North, however, should not be restricted to thinking simply about road access. Rather, it should be a larger framework of community capacity building through the provision of basic necessities that most Canadians take for granted: safe drinking water, electricity, and broadband Internet access.*

2 Not all communities have a strategic economic growth plan. Some communities simply listed their key economic sectors and assets on their websites. A few others (especially smaller single-industry towns) had no such data available except for the information solicited by the author through the field interviews.

An Overview of Northern Ontario's Economic and Social Structure

Northern Ontario's social and economic structure manifests several unique characteristics that set it apart as a distinct entity for public policy considerations (Southcott 2013). The first is its overreliance on natural resource exploitation. The result is a high degree of vulnerability to resource depletion, volatile world commodity price swings, the roller-coaster boom and bust cycles of the resource industries, the whims of corporate decisions, and changes in the Canadian dollar exchange rate (Dadgostar, Jankowski, and Moazzami 1992; Skogstad and Alahmar 2016).

The second, and closely related, characteristic of Northern Ontario relates to the region's high degree of dependence on external forces. Northern Ontario's history of economic development powered by outside interests has resulted in a rather limited or stunted rate of local entrepreneurship compared with other regions in Canada (Robinson 2013; 2016). This lack of an entrepreneurial culture in the region poses one of the most serious constraints to economic reinvention for communities decimated or challenged by industrial restructuring. Two recent reports by the Northern Policy Institute illustrate the severity and urgency of this problem (Cuddy and Moazzami 2016a, 2016b).

A third broad characteristic of Northern Ontario is its dispersed and low-density socio-spatial structure, generally consisting of three different types of communities. The first consists of the six main cities: Sudbury (population 157,857), Thunder Bay (109,140), Sault Ste. Marie (74,948), North Bay (53,966), Timmins (42,997), and Kenora (15,348) (Statistics Canada 2011). These cities tend to be relatively more diversified than other communities, even if still heavily dependent on natural resource industries. They also serve as important centres for health, education, and other services for the outlying regions. The second type of communities — the majority of non-Aboriginal communities in the region — are smaller, significantly less diversified, and resource dependent, and are commonly referred to as single-industry towns (Randall and Ironside 1996; Segsworth 2013). The third type consists of Aboriginal communities.

The Aboriginal population of Northern Ontario has increased rapidly in recent decades from just over 64,000 in 1996 to about 97,935 in 2011 (Statistics Canada 2006; 2011), a trend that generally can be seen as one of the most positive for the region's future. Indeed, the past three decades have witnessed the increasing visibility of Indigenous Peoples in Northern Ontario's social, cultural, and political affairs. Still, this demographic continues to face considerable constraints in the critical areas of education and employment (Madahbee 2013): Indigenous Peoples have lower levels of formal education and lower labour force participation rates than the average for Northern Ontario.

A fourth notable characteristic of Northern Ontario is its distinct structure of local governance relative to southern Ontario. Unlike most areas of southern Ontario, Northern Ontario is made up of districts, instead of regions and counties, and Northern Ontario's districts do not have the policy or administrative authority of the south's regions and counties. This means that, in Northern Ontario, no regional government acts as an intermediary between the provincial government and the municipalities (Conteh 2015; McBride, McKay, and Hill 1993; Southcott 2013). This characteristic of local government poses a peculiar fragility of economic development governance in Northern Ontario (MacKinnon 2016). Regions provide the forum in which the tangible assets of a cluster of municipalities or communities can be scaled up to provide sufficient density and a sufficiently large resource pool for longer-term strategic economic planning and investment. Regions can also serve as spaces where citizens can overcome the centripetal forces of parochialism to address commonly shared challenges and threats, and thereby shape their own socio-economic destiny. This basic fragility of local governance is a much lamented fact in Northern Ontario, and has led to various and often problematic constructs of de facto local economic regions.



Past and Present Constructs of Northern Ontario's Economic Clusters

The oldest construct of economic zones in Northern Ontario, dating back to the early years of the frontier economy of the early 1900s, was to divide the region into two growth poles – namely, Northeastern and Northwestern, with Sudbury and Thunder Bay serving as their respective urban hubs. The central political and administrative significance of these two cities and their sheer demographic density relative to all other communities in the region have led to the persistence of this tradition, which fits well with the hinterland image of the region (McBride, McKay, and Hill 1993). In fact, people from outside Northern Ontario often tend to view these broad categorizations as a most obvious and convenient (even if largely ill-informed) lens through which to view the region.³

Sudbury's larger population gives the city its considerable market size, with attendant economies of scale in retail, professional, and financial services, as well as its concentration of government-related sectors such as education and health care. Thunder Bay commands similar economic and administrative clout in addition to its critical role as a multimodal hub of land, air, rail, and shipping transportation by virtue of its prime location along major continental transportation corridors. Despite the two cities' considerable economic and administrative influence in their respective areas of the region, such dominance should not be interpreted to mean that the two areas function as monolithic economic spaces. The vast differences of economic clusters within each of the two poles belie such a generalization. The hub-and-spoke⁴ logic of economic regions implicit in this assumption equates political-administrative importance with economic flows and the sectoral configuration of local economies.

A second prevalent construct of economic regions in Northern Ontario today is a variation of the two-pole model and is based on the five major urban centres with populations of more than 40,000 people – namely, Sudbury, Thunder Bay, Sault Ste. Marie, Timmins, and North Bay (Figure 1). This construct arguably has become the most commonly used economic regional classification in conventional economic development policy discourses (see Conteh and Segsworth 2013).⁵ For example, the Northern Ontario Growth Plan (Ontario 2011), currently the seminal document on the region's economic prospects, challenges, and future directions, identifies these five centres as the loci for planning high-level and larger-scale economic investments. Quite apart from the rather dubious assumption of subsuming the city of Kenora under the Thunder Bay economic hub, the notion of five growth poles rests on the same erroneous hub-and-spoke logic of economic investment as that of the two-pole concept of the region. Principally, this approach disregards local residents' perception of their economic space, groups the economic interests and needs of smaller communities with those of larger urban centres, and assumes a trickle-down logic of economic development. For understandable reasons, therefore, most residents in smaller communities reject the "hub-and-spoke" concept of regional economic development, and identify more strongly with the economic cluster approach. They do not see five or even six but more than ten economic clusters in Northern Ontario based on distinct and identifiable assets and specializations in those clusters of communities.

3 Author's interview with an official at the Ministry of Northern Development and Mines, Sudbury, June 2016.

4 The hub-and-spoke concept of economic development argues that a large urban area should serve as the main engine of economic growth, which then trickles down to smaller, peripheral communities. Implicit in this concept is the need to focus economic development investment in the urban area on the assumption that the gains from such investment will spill over to the surrounding towns and/or rural areas.

5 Author's interview with an official at the Ministry of Northern Development and Mines, Sudbury, June 2016.

Figure 1: Five-Pole Construct Centred on Major Urban Areas with Populations of More than 40,000, Northern Ontario



A third construct of economic regions in Northern Ontario is based on varying interpretations of the two major transportation corridors, Highway 11 and Highway 17 (see the two dominant red lines in Figure 2 highlighting Northern Ontario's two main highway arteries). Without dwelling on all the proposed permutations of economic regions along these two highway corridors, the logic in this approach rests on the assumption that people and goods naturally follow road network patterns. The conventional economic history literature supports such an assumption about the power of road, rail, and river networks to lead to industrial corridors over time (Belussi and Caldari 2009). However, a closer look at how communities along the two highways have forged historic and emergent economic ties with neighbouring communities — the complex backward-forward linkages of socio-economic interdependencies in resource extraction, value-added manufacturing, retail, consumption, and access to services, as well as the shared assets and needs of communities — reveals a far more complex configuration of economic regions than the linear flow of the highways would indicate.

A fourth approach to economic clusters is based on the tendency to conflate administrative districts (see Figure 2) with economic zones. It is worth noting that Northern Ontario's districts — Rainy River, Kenora, Thunder Bay, Cochrane, Timiskaming, Algoma,

Sudbury⁶, Nipissing, Parry Sound, and Manitoulin — serve functional purposes often determined by the dictates of specific federal or provincial government policies.

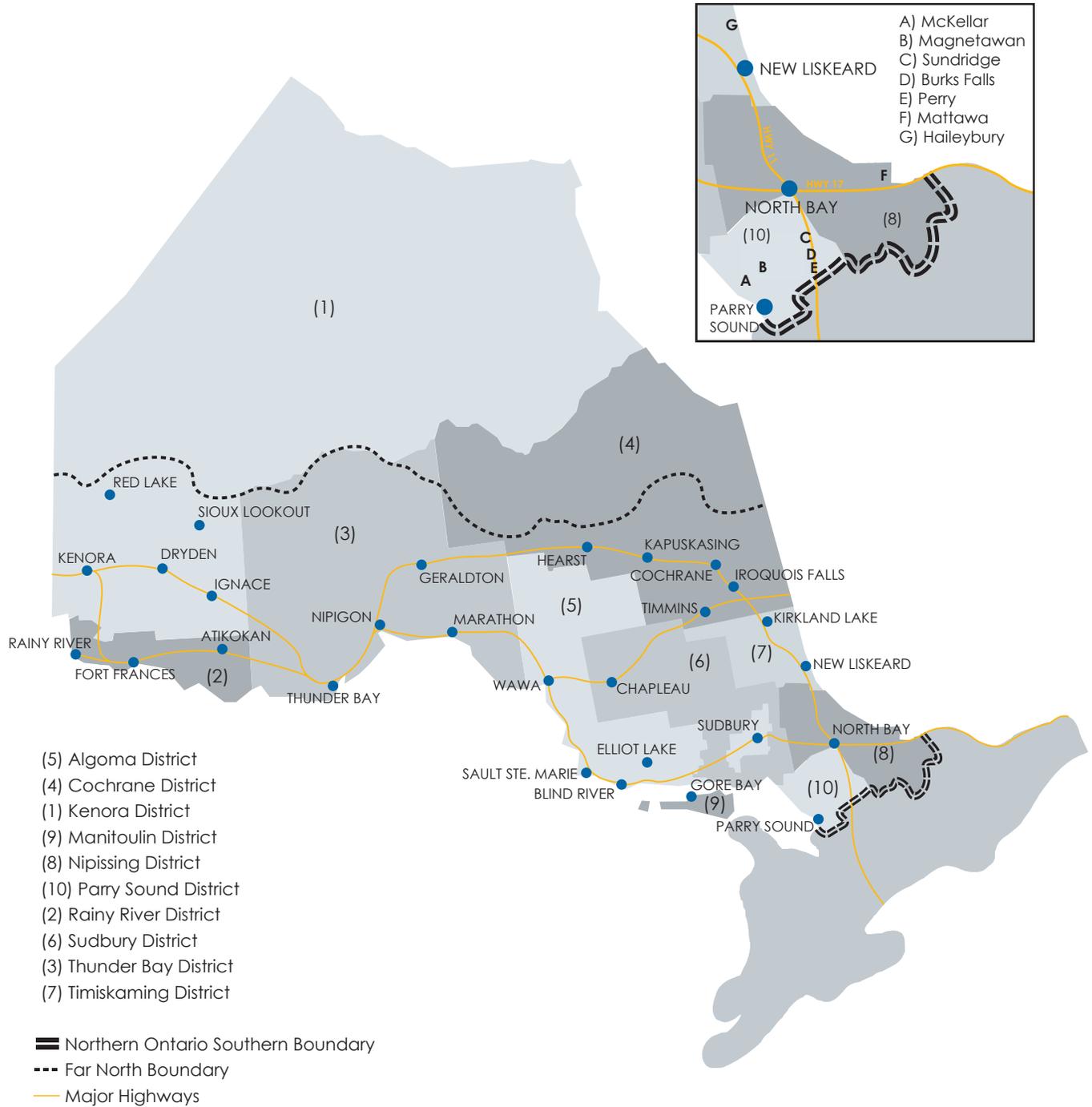
For purposes of economic development planning and investment, however, Northern Ontario's administrative regions are not a useful metric by which to determine the organic economic configurations of communities with shared assets, needs, and potential economies of scale.

Such administrative districts serve different purposes than economic zones for strategic industrial policy and community economic development policy. Some towns in Northern Ontario, for example, conduct their economic and retail activities and/or have a sense of affiliation with communities outside their administrative districts. For instance, residents of Chapleau mostly operate within the Timmins economic zone, rather than the Sudbury economic zone, even though Chapleau belongs to the same administrative district as the latter.

⁶ The single-tier municipality of Greater Sudbury, a jurisdictionally distinct entity from the district of Sudbury, is unique in Northern Ontario in its county-level authority over certain policy domains.

Two exceptional cases where district boundaries correspond to economic zones are Manitoulin Island (by virtue of its natural borders as an island) and Parry Sound.⁷

Figure 2: Economic Zones Based on Northern Ontario's Highway Network and Political Districts



7 The discussion treats the Parry Sound district as sufficiently unique from other geographical areas by virtue of its close proximity to southern or central Ontario and the distinct configuration of its tourism-based economy. For economic development purposes, however, the federal and provincial governments view both Manitoulin Island and Parry Sound as sharing certain economic features with the rest of Northern Ontario. Other districts, such as Thunder Bay — to allow for distinct characteristics and assets of the cluster of communities consisting of Marathon, Terrace Bay, Greenstone, and surrounding area — have been split up into smaller geographic economic configurations.

Unlike the regional municipal entities in southern Ontario that often play the role of aggregating the economic assets of constituent municipalities, districts in Northern Ontario do not have such authority. Regional municipalities and counties in southern Ontario enjoy policy authority over a set of functions related to land-use planning and industrial development, for instance, with considerable implications for economic development. Northern Ontario districts, in contrast, are the unique forging of administrative divisions carved out to demarcate sparsely populated areas that are considered insufficiently dense to maintain a meaningful system of governance and policy jurisdiction.

Having explored the most common constructs of economic zones in Northern Ontario, the discussion now proceeds to a conceptual overview of the key definition and characteristics of clusters in the academic and policy literature. That framework served as the lens for compiling the statistical, interview, and content analysis data to delineate the region's various economic clusters.



A Conceptual Discussion of Economic Clusters

A dominant understanding of economic regions in the academic and policy literature corresponds to geographic spaces functionally linked together via a shared export base, the flows of interfirm relations, or the flows of labour force activities within a particular sector. For the purpose of this research, an economic region is a geographic space comprising a cluster of surrounding communities sharing similar economic assets in a particular sector, such as forestry, mining, tourism, and agriculture.

The concept of economic cluster provides a useful framework for understanding economic regions in Northern Ontario. Porter defines clusters as “geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, associated institutions...in particular fields that compete but also cooperate” (1998, 197). A core element of this definition is that of geographical proximity: clusters are spatially localized concentrations of interlinked firms. Co-location is a central determinant of value creation that arises from networks of direct and indirect interactions among private businesses, and between firms, customers, local public agents (such as economic development officials, for example), post-secondary institutions, and related entities with vested interests in the economic well-being of their community.

Economic clusters can consist of a major city and surrounding peripheries of smaller communities, or any combination of single-industry towns, rural, and Aboriginal communities sharing similar economic assets and need. Implicit in this definition is that an economic region might or might not have a major city serving as a central location of markets and exchanges. What is important in the conceptualization of economic regions is the focus on clusters of shared assets in a particular sector, which provides the basis for surrounding communities to plan economic development investment priorities in leveraging natural resources, human capital, investment capital, and market access to sustain and enhance the region’s economic well-being.

A central feature of economic clusters is the notion of industrial agglomerations. This concept points to the central role of external economies of scale (Aoyama, Murphy, and Hanson 2011).⁸ There are two types of agglomeration. The first derives from urbanization economies, the second from localization economies (Friedman 2005).

Urbanization economies are benefits that accrue to cities by virtue of their population and market density, which make them economically resilient and often self-sustaining. Localization economies, on the other hand, can be seen in agglomerations that typically manifest specialization in a key industrial sector (Amin and Thrift 1992; Brusco 1982; Russo 1985).

The main implication of understanding agglomeration in terms of urbanization and localization economies is that it directs the construct of economic clusters to focus on specific assets within a given geographic location. Such a construct allows for an economic cluster made up of communities with demonstrable strengths in certain sectors — say, agriculture or tourism — to leverage their local resources, mobilize non-local public resources, and attract private investment in scaling up their sectoral strengths and potential for economic development and reinvention. The concept of economic clusters thus draws our attention to the reality of economic development as a highly varied and complex territorial process (Asheim, Cooke, and Martin 2006). Economic clusters must, therefore, allow for considerable variation in type, size, origin, structure, organization, dynamics, and developmental trajectory among regions (Asheim and Coenen 2006; Martin and Sunley 2008). The significance of this observation is that different types of clusters will manifest different economic and demographic characteristics, and, therefore, possess different capacities to respond to and cope with both external and internal shocks and changes.⁹

8 External economies of scale are viewed as largely generated by positive externalities. Externalities, by definition, are costs (negative) or benefits (positive) that accrue to a firm or corporation above and beyond its accounting.

9 Author’s interview with an official of the NOHFC, Sault Ste. Marie, June 2016.

Economic Clusters in Northern Ontario

Given the two modes of agglomeration based on urbanization and localization economies, one can divide Northern Ontario's economic zones into two types. One type is city-regions centred around major urban areas based on agglomeration advantages, whereby a major city with a demographic mass provides a natural centre of market exchange and concentration for the services economy, in both the private sector (financial, legal, hospitality) and government sector (health, education, transportation, and so on). The other type is industrial corridors based on the logic of localization economies and centred around a collection of relatively smaller but geographically proximate communities sharing key similar sectors, assets, and needs. This twofold typology does not presuppose that one type of cluster is more deserving of greater attention than the other; rather, it provides a way to think about the scale of economic activities involved in such clusters and the framework of strategic investments of public resources that might inform economic development policy planning.

The notion of an industrial corridor focuses more on a geographically proximate cluster of communities' shared strength in a specific industrial sector (such as mining, forestry, agriculture, or tourism), rather than on demographic density per se. The shared assets in that particular sector provide a functional area of focus for public investment in supporting infrastructure and related services geared toward enhancing the job-creation capacity of the local economy. Industrial corridors provide a market-determined basis for community economic development planning and investment rooted in participatory and inclusive deliberations. This allows for platforms that can accommodate a representation of smaller and potentially marginalized groups and communities.

As Figures 3 and 4 show, the first tier of geographic economic clusters identified in Northern Ontario consists of the six city-regions of Sudbury, Thunder Bay, Sault Ste. Marie, Timmins, North Bay, and Kenora. The second tier comprises the five industrial corridors of Temiskaming Shores, Greenstone-Marathon, Fort Frances, Parry Sound, and Manitoulin Island.

Figure 3: Economic Zones of Northern Ontario, by Population

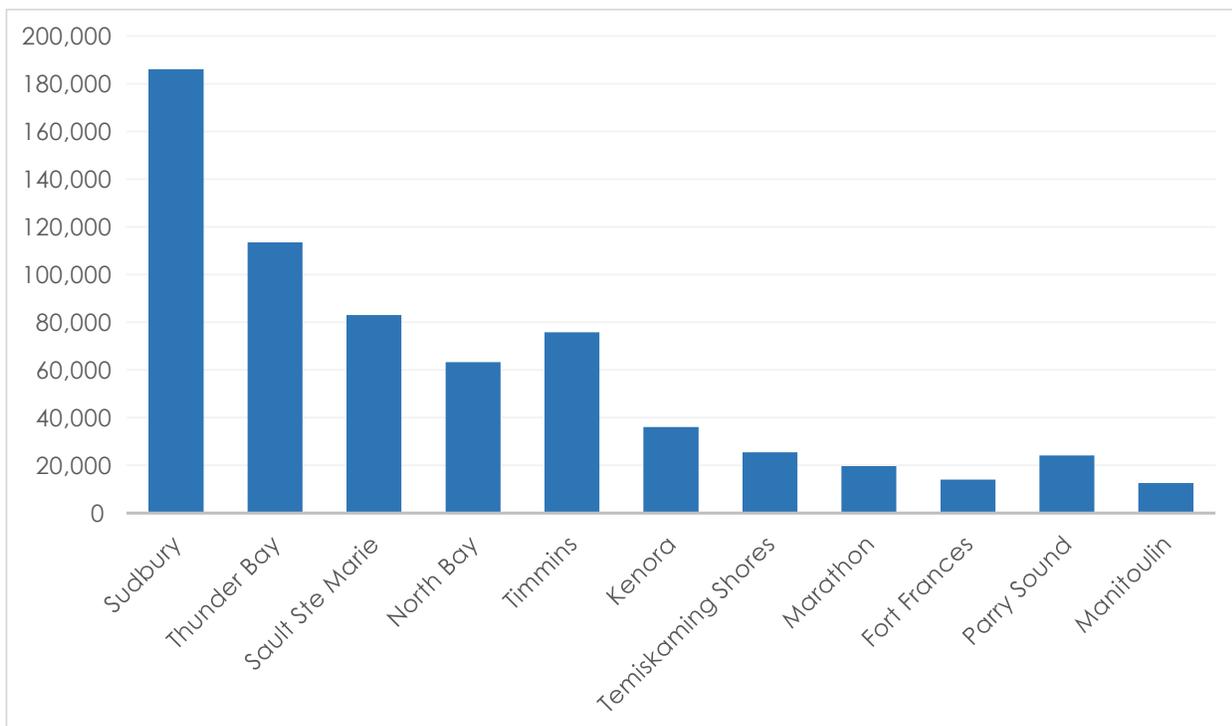
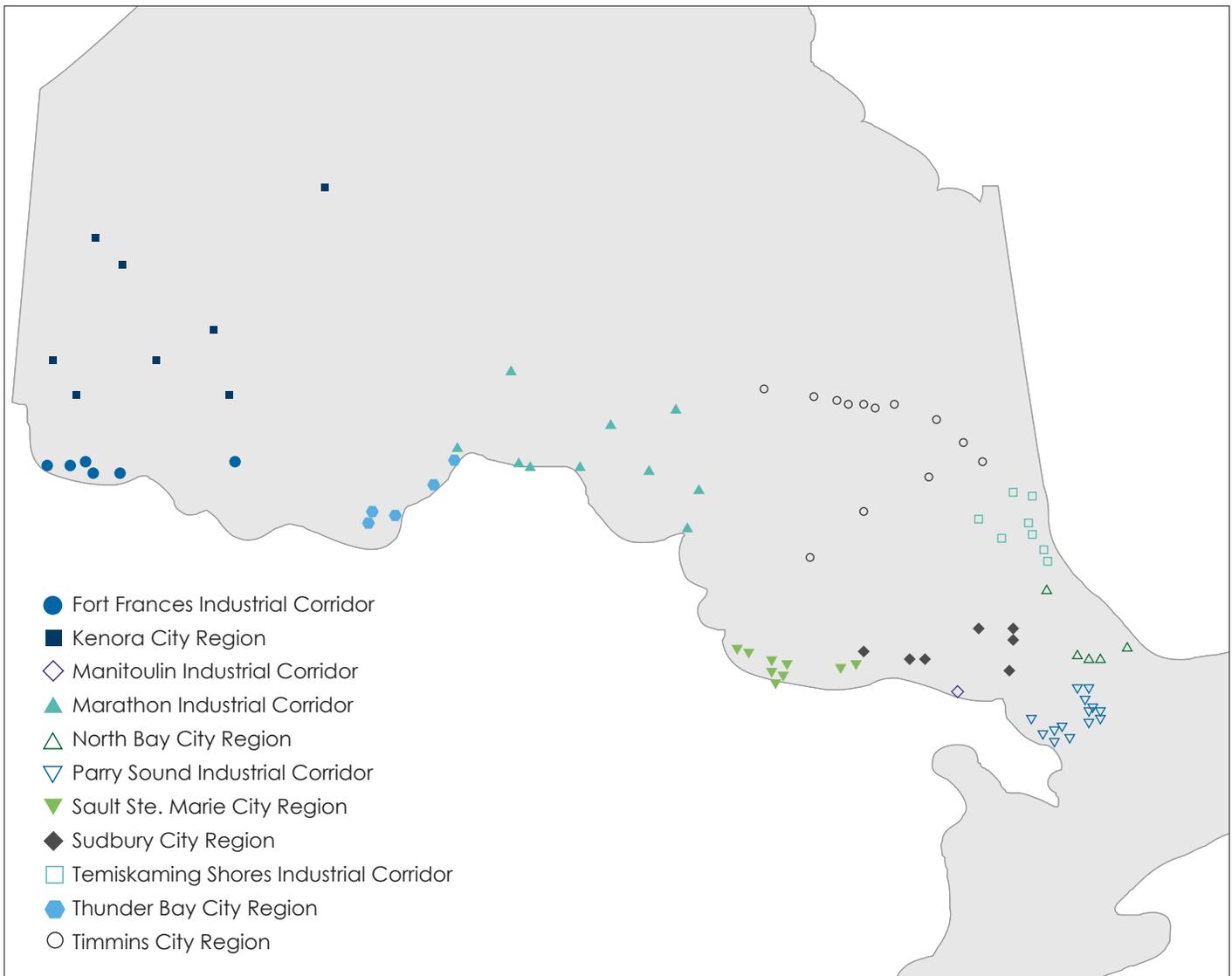


Figure 4: Economic Clusters of Northern Ontario



The City-Region Economic Clusters

The Conference Board of Canada's (2015) breakdown of Canadian cities groups Sudbury and Thunder Bay into large-tier cities, whereas Timmins, Sault Ste. Marie, and North Bay are viewed as mid-sized cities and Kenora as a small city. Notwithstanding their various sizes, these cities share a significant characteristic: each plays a significant role as a regional hub and economic engine in its respective area. They serve as centres of gravity for market exchange, not only in retail, but also in a host of professional services.¹⁰

The six large urban centres have a number of key characteristics (strengths) that make them the

epicentre of an economic hub: a critical mass of people; a strong, sizable, and highly skilled labour force; and road, rail, and air transportation networks linking them with the rest of the world. Each also has recognizable industry specializations with backward-forward linkages with surrounding peripheral communities. The services sector (utilities, financial institutions, and the like) is also critical for understanding economic zones centred around these major urban centres.¹¹

10 As noted earlier, government sector services such as health, education, and transportation are significant in positioning cities as major service hubs, but these are excluded from this study.

11 Author's interview with a local chamber of commerce official, Sault Ste. Marie, June 2016.

This is one area that, in fact, connects the major urban centres to their surrounding smaller communities, since most of the technical labour force commutes to and from within a certain radius of these centres. This consideration, for instance, lends credence to the notion of Sault Ste. Marie, an otherwise isolated city, as an economic centre servicing a wide radius from White River in the west and north to Elliot Lake in the south and east.

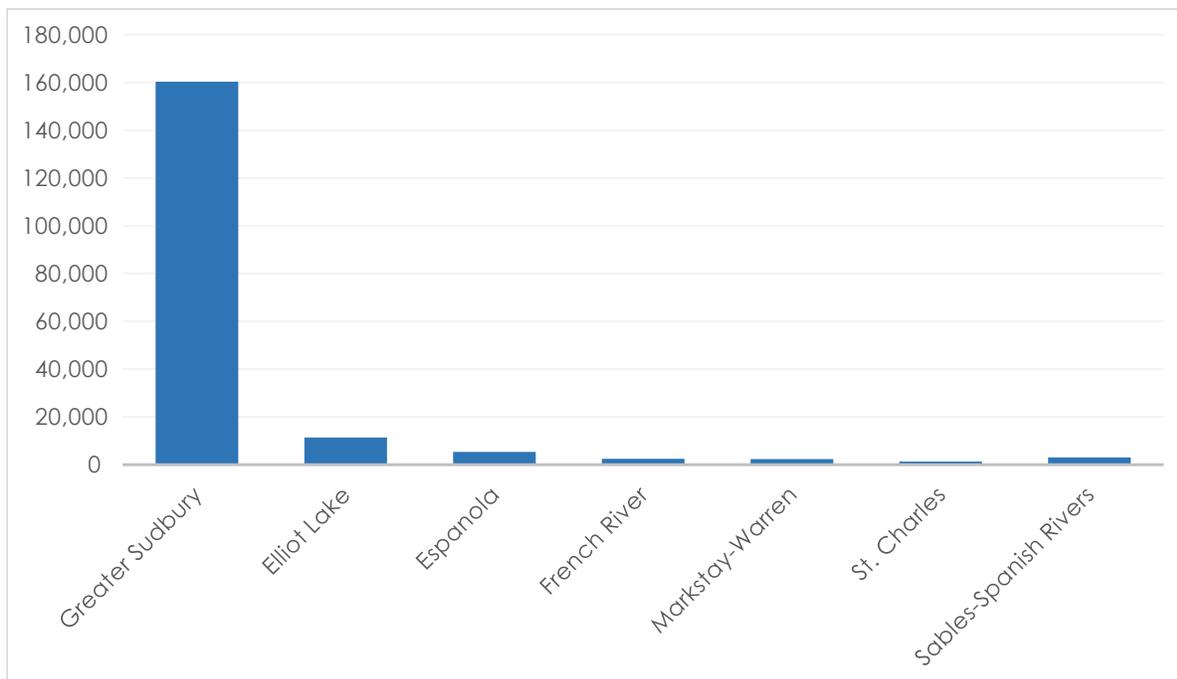
Another point worth noting is that, although Kenora shares the above-mentioned characteristics with the other five large urban centres, it stands out as a distinct case because of its close linkage with the Winnipeg economic hub. This makes Kenora more like an urban sub-regional economy of Winnipeg than a hub unto itself on the same scale as the other five city-regions of Northern Ontario. Nevertheless, Kenora, with its strong and distinct tourism sector and backward-forward linkages to surrounding peripheral communities, stands out as a significant Northern Ontario hub. Moreover, its attraction of tourists from Manitoba draws considerable resources into the Northern Ontario economy from another political jurisdiction. The rest of this section provides a breakdown of the cluster of communities in each city-region.

The Sudbury City-Region

The Sudbury city-region (Figure 5) consists of Greater Sudbury (population 160,274); the city of Elliot Lake (11,348); the town of Espanola (5,364); the municipalities of French River (2,442), Markstay-Warren (2,297), and St. Charles (1,282); and the township of Sables-Spanish Rivers (3,075). The city-region's economy is based largely on mining and supply services, and boasts the largest integrated mining complex in the world, with over five thousand kilometres of mining tunnels. Sudbury, however, is more than a mining city-region; it has a diverse economy covering for-profit sectors such as financial and business services, transportation, construction, real estate, and tourism (Greater Sudbury Development Corporation n.d.). Its constellation of large retail chains also make the city-region a significant magnet.

The Sudbury city-region also has an emerging research and innovation sector with the hospital and the university. The city's three post-secondary institutions (Laurentian University, Cambrian College, and Collège Boréal) are critical assets that position it for a strategic role in the emerging knowledge-intensive sectors. There is also a nascent cluster of activities in the film industry. Furthermore, the city-region commands a strategic advantage as a regional capital with an administrative sphere of influence that easily spans all of Northeastern Ontario. This study's focus, however, is on its most immediate economic zone, as identified in Figure 5.

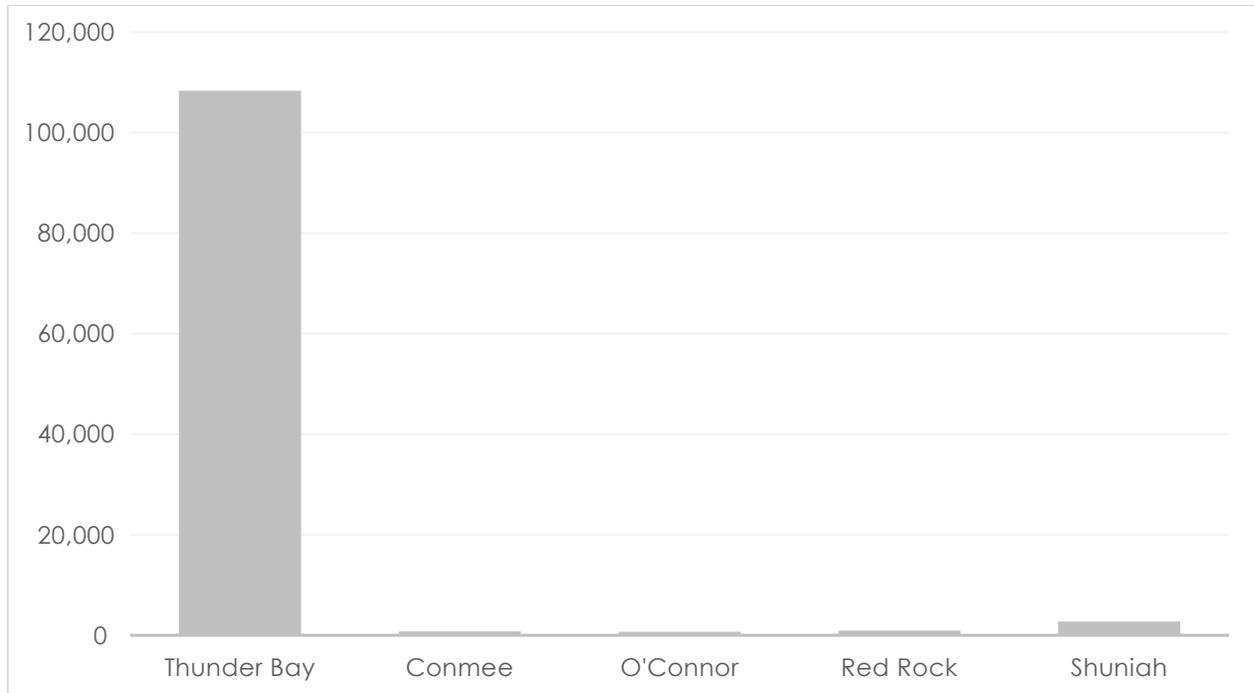
Figure 5: Economic Zones of Sudbury City-Region



The Thunder Bay City-Region

The Thunder Bay city-region (Figure 6) consists of the City of Thunder Bay (population 108,359), and the townships of Conmee (764), O'Connor (685), Red Rock (942), and Shuniah (2,737).¹² The city-region is strategically positioned as one of the two largest in Northern Ontario. Apart from its growing world-class health, medical, and research facilities, Thunder Bay has seen the emergence of greater economic diversity in the knowledge-based sectors, transforming the structure of the economy from its previous reliance on pulp and paper and forest products to a more diverse range of sectors (Thunder Bay Community Economic Development Commission n.d.).

Figure 6: Economic Zones of Thunder Bay City-Region



In addition, the city-region has core assets such as one of the busiest international airports in Canada, proximity to the United States, its well-established outbound port infrastructure on the St. Lawrence Seaway system, and its vital role as a key road and rail transportation hub. A principal piece of the city-region's knowledge-based assets is the presence of three post-secondary institutions: Lakehead University, Confederation College, and the Northern Ontario School of Medicine. The city-region has also been taking more of an interest in the mining sector, especially mining supplies¹³, and a retooling of skills is under way from forestry — particularly pulp and paper — to mining.

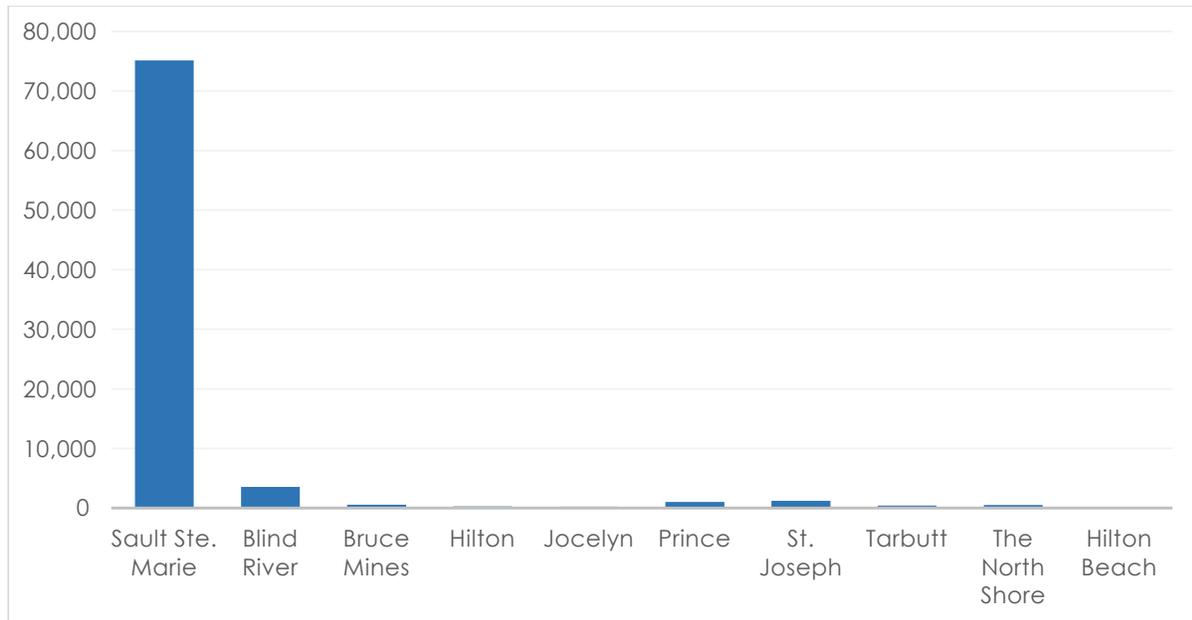
12 Smaller communities farther east and west of Thunder Bay have been grouped into separate economic zones even though they form part of the Thunder Bay administrative district.

13 Author's interview with an official of the Thunder Bay Economic Development Commission, Thunder Bay, June 2016.

The Sault Ste. Marie City-Region

The Sault Ste. Marie city-region (Figure 7) consists of the City of Sault Ste. Marie (population 75,141); the towns of Blind River (3,549) and Bruce Mines (566); the townships of Hilton (261), Jocelyn (237), Prince (1,031), St. Joseph (1,201), Tarbutt (396), and The North Shore (509); and the village of Hilton Beach (145). Although still rooted in the steel industry, the city-region has witnessed some economic diversification over the past fifteen years. For instance, although Essar Steel Algoma Inc, with about 3,400 employees, remains at the apex of the city-region's top ten for-profit employers, sectors such as alternative energy, science and technology, aviation services, and business-process outsourcing have established a foothold.¹⁴

Figure 7: Economic Zones of Sault Ste. Marie City-Region



The breakdown of labour statistics in 2006 for private sector employment by industry divisions is further indicative of such growing diversity, with 6,190 employed in manufacturing and construction, 6,495 in business services, 5,430 in wholesale and retail trade, and 1,235 in finance and real estate (Sault Ste. Marie Economic Development Corporation 2012). One interviewee also observed that, "since the downturn in the steel industry, the Sault Ste. Marie city-region has seen a shift in its hub function principally towards retail services and professional services in finance, utilities, administration, and the like to surrounding smaller communities."¹⁵

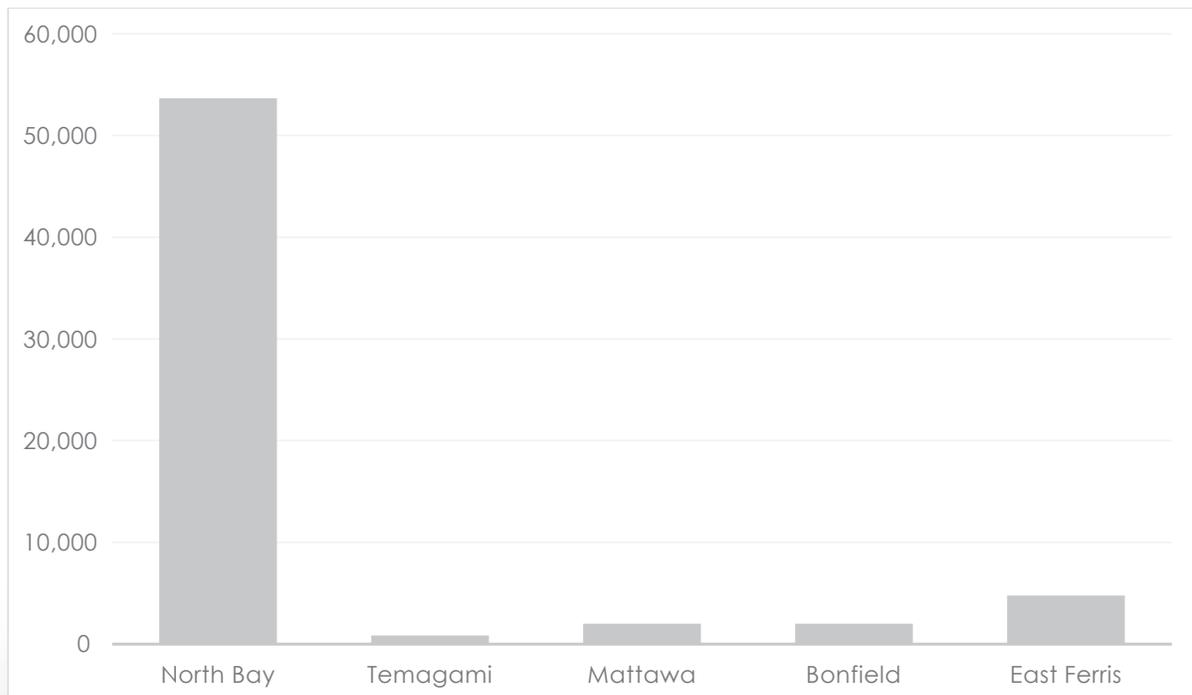
14 See the website of the Sault Ste. Marie Economic Development Corporation, at <https://www.sault-canada.com/en/ouruniqueadvantage/PlansStrategies.asp>, accessed August 2016.

15 Author's interview with an official in the municipal office, Sault Ste. Marie, June 2016.

The North Bay City-Region

The North Bay city-region (Figure 8) consists of the city of North Bay (population 53,651), the municipality of Temagami (840), the town of Mattawa (2,023), and the townships of Bonfield (2,016) and East Ferris (4,766). The city-region's economy consists of a diversified industrial manufacturing and services base in sectors ranging from natural resources (especially mining supply services) to car manufacturing, aerospace, transportation, construction, information technology, and telecommunications. The North Bay city-region commands a strategic location at the crossroads of two transcontinental highways and a network of railways, air, and fibre-optic routes that give it the evocative brand of "Gateway to the North" (North Bay 2017).

Figure 8: Economic Zones of North Bay City-Region

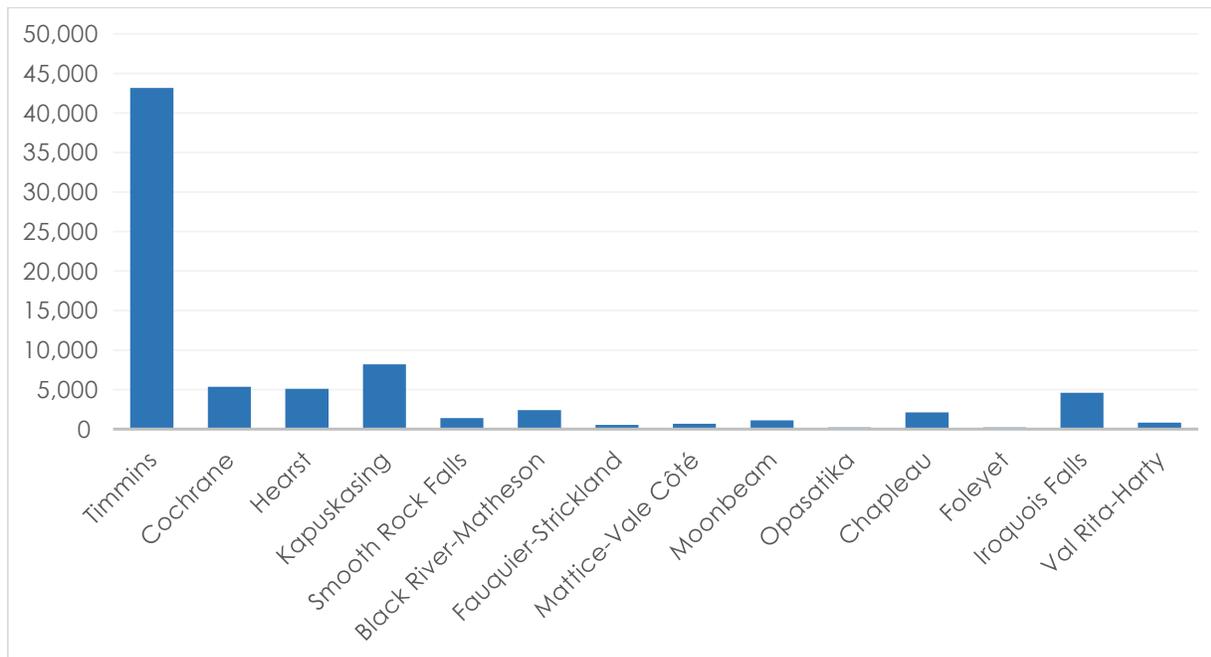


The city-region's strategic location ensures that it remains a vital hub in a regional catchment area of 112,000 residents stretching from Lake Nipissing to Trout Lake and commanding distinct assets to perform a critical role in the resources sector as well as in the emerging knowledge-driven sector. North Bay is more like the Sault Ste. Marie city-region, however, in the sense of being loosely integrated relative to its surrounding communities. The City of North Bay's principal role as an economic hub is in terms of its concentration of retail and professional services for surrounding communities.

The Timmins City-Region

The Timmins city-region (Figure 9) consists of the city of Timmins (population 43,165); the towns of Cochrane (5,340), Hearst (5,090), Kapuskasing (8,196), and Smooth Rock Falls (1,376); and the townships of Black River-Matheson (2,410), Fauquier-Strickland (530), Mattice-Val Côté (686), Moonbeam (1,101), Opatatika (214), Chapleau (2,116), Foleyet (193), Iroquois Falls (4,595), and Val Rita-Harty (817). The communities that make up the Timmins city-region's economic zone flow mostly along Highway 101 and Highway 11. This is the city-region that comes closest to the highway construct of economic zones discussed earlier. Its main economic assets are in mining, mining supply and services, quarrying, and oil and gas (Timmins Community Action Committee 2011). Like the Sudbury city-region, its dependence on mining means that the economic region is exposed to the cyclical flows of global commodity prices, a key feature of the city-region's economic roller-coaster over the past two decades.

Figure 9: Economic Zones of Timmins City-Region

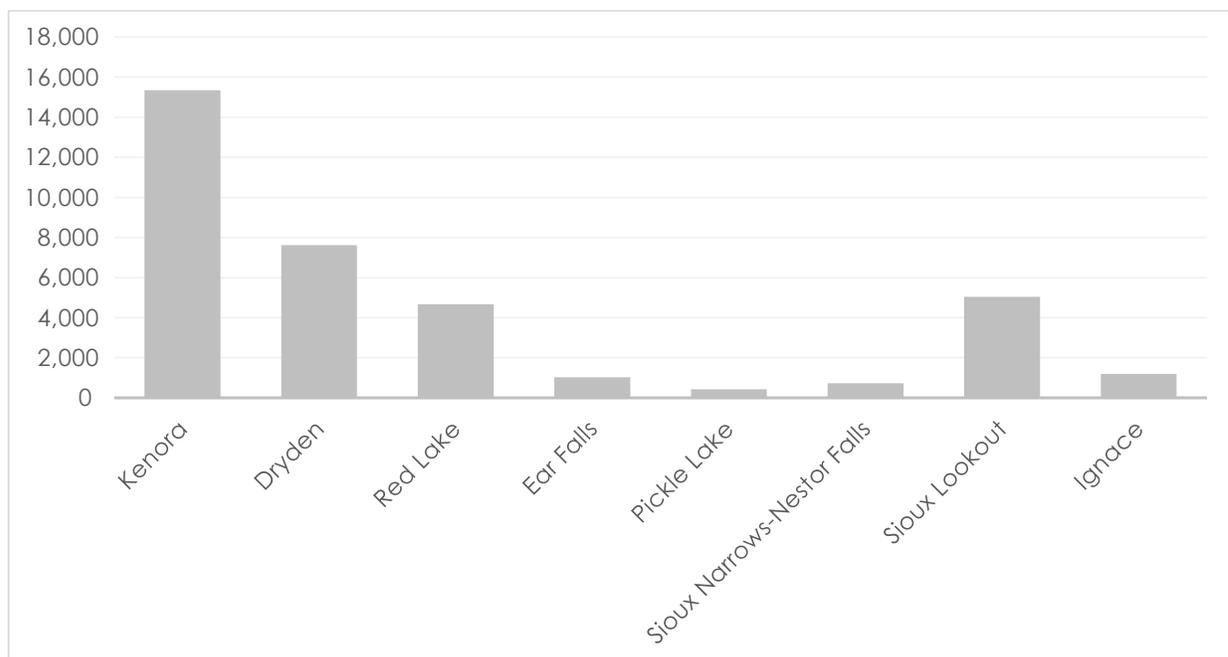


Lacking the degree of diversity one observes in the larger city-regions has left the Timmins city-region particularly vulnerable to external economic forces. For example, the forestry sector was decimated by a combination of high US tariffs, the slump in the US housing market, and limited access to Crown land for a number of small producers. Despite its vulnerability to global commodity price volatility, the Timmins city-region has maintained its core strengths in geology and geosciences. Moreover, like the Kenora city-region (see below), it has no university, but its two colleges — Northern College and Collège Boréal — are vital players in training the technical labour that sustains its assets in the geological and geoscience sector.

The Kenora City-Region

The Kenora city-region (Figure 10) consists of the cities of Kenora (population 15,348) and Dryden (7,617); the municipality of Red Lake (4,670); and the townships of Ear Falls (1,026), Pickle Lake (425), Sioux Narrows-Nestor Falls (720), Sioux Lookout (5,037),¹⁶ and Ignace (1,202). The city-region commands a strategic location on the Trans-Canada Highway, along with its proximity to Winnipeg, a city of about 750,000. Its key economic drivers are in tourism, recreation, cottage building, and value-added forestry and mining services (Lake of the Woods Development Commission n.d.). These combined assets make it a distinct economic region well outside the Thunder Bay economic orbit. The Kenora city-region, however, could be described more accurately as a sub-regional hub within the larger Winnipeg economic sphere, serving as cottage country for a large number of Manitoba residents. It is thus referred to as “Muskoka of the north.”¹⁷ Given the city’s close economic integration with Winnipeg, the expansion of the highway connecting the two cities has rightfully been one of its core strategic priorities.

Figure 10: Economic Zones of Kenora City-Region



16 Sioux Lookout serves a distinct function as the main transportation and services hub for communities in the Far North. It is worth noting, however, that these communities have been excluded from this study because their particular characteristics, potential, and constraints are distinct from those of the other economic regions of Northern Ontario. The Far North is a unique region with special needs based on issues of access, distance, and density. For instance, these communities need investment in rudimentary physical and social services infrastructure just to bring them up to par with other communities covered in this study. The problems of isolation, lack of basic road and rail access, and subsequent socio-economic exclusion are particularly poignant in these Far North communities. The deliberations about strategic investment in the Far North, however, should not be restricted to thinking simply about road access. Rather, it should be a larger framework of community capacity building through the provision of basic necessities that most Canadians take for granted: safe drinking water, electricity, and broadband Internet access. As it stands, when it comes to the remote First Nations communities in the Far North, we still need to think first and foremost in terms of prioritizing long-deferred social and physical infrastructure investments. The Ring of Fire’s \$60 billion mining potential is a generational opportunity that would change radically the livelihood of those remote communities.

17 Author’s interview with a former economic development official, Kenora, June 2016.

A significant feature of the Kenora city-region is that it has one of the highest densities of First Nations people of any major Canadian city. Considering that Aboriginals are the fastest-growing demographic group in Northern Ontario — indeed, in all of Canada — Kenora has unique attributes and implications for socio-economic development policy in Northern Ontario. In this regard, one main challenge for the city-region is the need to work more closely and amicably with surrounding Aboriginal communities. The history of relations with these communities has sometimes been fraught with tensions that still cast a shadow over strategic grassroots collaboration on economic and social development issues.¹⁸

The Industrial Corridor Economic Clusters

The second tier of geographic economic clusters is referred to as industrial corridors to denote their smaller conurbation relative to the city-regions, which are based on larger urban centres as their hubs. As one interviewee noted, “the industrial corridors to me are like communities with similar issues within a close geographic area. Their nature, make up and size render them as distinct clusters of communities from the larger urban core.”¹⁹ Another observed that

“ industrial corridors are often **underpinned** by a large industrial or a dominant sector in forestry, mining or so, providing a foundation for other services to support the people that live and work there. For these smaller communities, what often **binds them together** are the similar needs and characteristics within a limited number of sectors and the **proximity** of geography, rather than economic interconnections per se. In this regard, public policy intervention to support them will have a different feel than that for...city-regions, which are marked by **considerable economic diversity**, economic interflow and population density. The sparse population, isolated locations, and limited human capital set some constraints for these communities and put them in the same boat.”²⁰ ”

18 Author's interview with a business official at the local Chamber of Commerce, Kenora, June 2016.

19 Author's interview with an official of FedNor, Sudbury, June 2016.

20 Author's interview with a representative of a policy think tank, Thunder Bay, June 2016.

The main inference from these observations is that a key consideration for the delineation of industrial corridors is the geographical basis for designing collaborative, bottom-up deliberative platforms for communities that share economic vulnerabilities in the face of global industrial restructuring. The industrial corridors identified in this study are Temiskaming Shores, Terrace Bay, Fort Frances, and Manitoulin.²¹

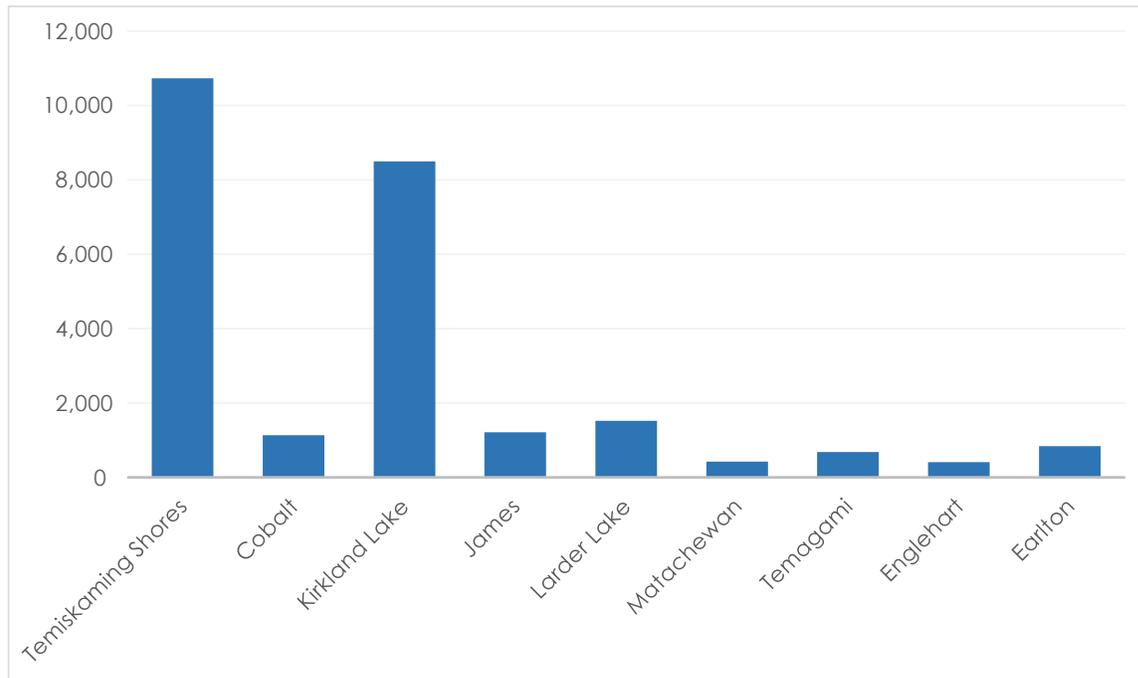
The Temiskaming Shores Industrial Corridor

The Temiskaming Shores industrial corridor (Figure 11) consists of the city of Temiskaming Shores (population 10,732); the towns of Cobalt (1,133) and Kirkland Lake (8,493); and the townships of Earlton (1,216), Englehart (1,519), James (424), Larder Lake (684), Matachewan (409), and Temagami (840). This industrial corridor has emerged as the most dynamic agricultural centre in Northern Ontario, in addition to its assets in mining and forestry, thus commanding an economic clout out of proportion to its demographic size. As one interviewee put it, “the Temiskaming Shores industrial corridor has long established itself as a distinct economic region with assets in agriculture and aquaculture, and possessing about one million acres of available land that is now attracting investment, with immense potential for growing its agricultural basket in advanced agri-foods and agro-industrial processes.”²² This strength in agri-foods makes Temiskaming Shores distinct from the rest of Northern Ontario’s resource-dependent boom-and-bust cycle (see South Temiskaming Community Futures Development Corporation 2013).

21 Note that the population estimates given in this section are approximate, since certain tiny communities within the geographic sphere of the industrial corridor are too small to affect the general scale of the demographic distribution of the respective corridors. Moreover, as noted earlier, the Far North communities are quite distinct from the others in this study.

22 Author’s interview with an official of FedNor, Sudbury, June 2016.

Figure 11: Economic Zones of Temiskaming Shores Industrial Corridor



The Temiskaming Shores industrial corridor also has a growing tourism sector and has branded itself as a recreational destination. The industrial corridor also has particular cultural and geographic characteristics that reflect its unique connections with neighbouring Quebec. Tapping into its strategic location along Highway 11 and Highway 65, as well as its cultural and geographical proximity to Quebec could further buttress the corridor's economic ambitions in agri-foods and tourism.

The major issues plaguing the Temiskaming Shores industrial corridor, however, include "ongoing political fragmentation and parochialism among its component municipalities, problems of worsening population density with persistent outmigration by the younger generation, and the resulting human capital deficiency to support its agro-industrial ambitions."²³ As one interviewee noted, "one of our main constraints is governance. We have the largest number of incorporated municipalities in one district in Ontario, while having the least population.

We have twenty-three separate governments within this district. Overcoming this constraint will be a critical accomplishment for a region with such potential."²⁴ Notwithstanding these constraints, the Temiskaming Shores industrial corridor is witnessing the emergence of a large-scale cash crop economy, with many hectares of land being cultivated on an industrial scale over the past ten to twenty years.²⁵ In terms of strategic investment, a multimodal transportation strategy could significantly enhance the corridor's capacity to leverage its agro-industrial assets for greater participation in the global economy.

23 Author's interview with an official in an economic development office in the Temiskaming Shores industrial corridor, June 2016.

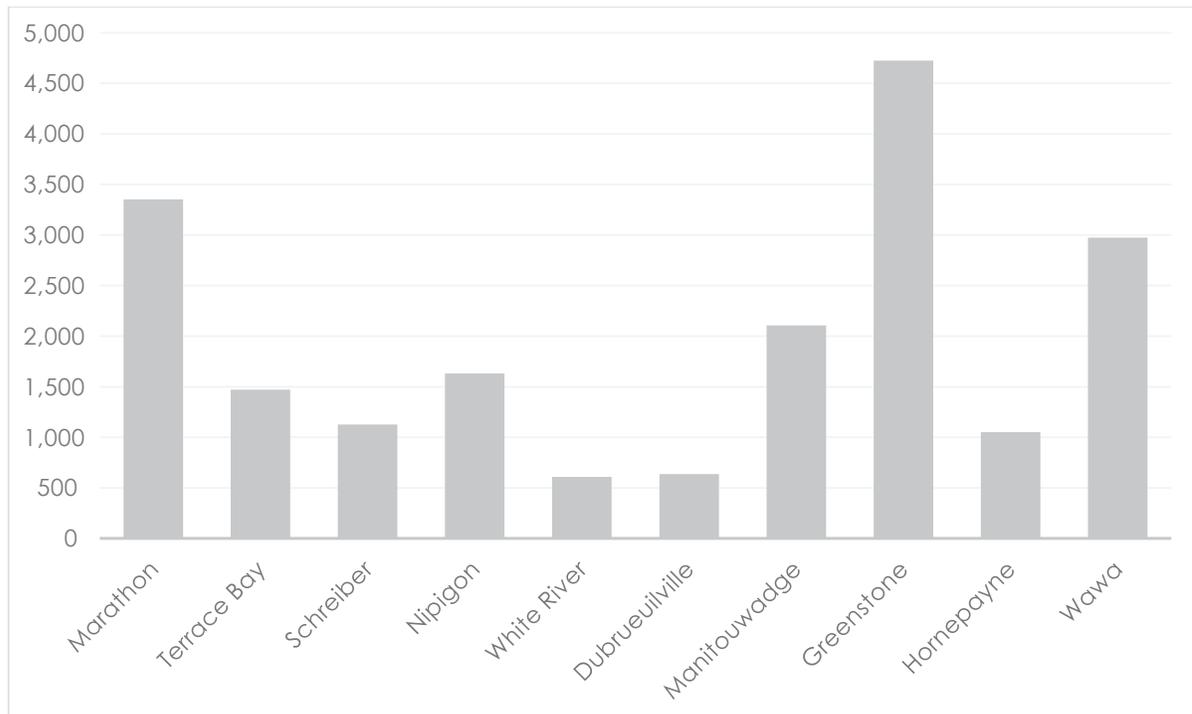
24 Author's interview with a business official associated with a local Chamber of Commerce, June 2016.

25 Author's interview with an official in an economic development office in the Temiskaming Shores industrial corridor, June 2016.

The Greenstone-Marathon Industrial Corridor

The Greenstone-Marathon industrial corridor (Figure 12) consists of Dubreuilville (population 635), Greenstone (4,724), Hornepayne (1,050), Manitouwadge (2,105), Marathon (3,353), Nipigon (1,631), Schreiber (1,126), Terrace Bay (1,471), Wawa (2,975), and White River (607). The corridor's key economic assets are in forestry, pulp mills, and mining (Marathon Economic Development Corporation 2010; Miller Dickenson Blais 2012). This corridor, however, is not only one of the most loosely affiliated, but also one of the most vulnerable in Northern Ontario to the boom-bust cycles of natural resource-based economies. The decimation of the forestry sector in Wawa just over a decade ago (similar to the effect on the Timmins city-region and other communities) is a case in point (Conteh 2013; Robinson 2013).²⁶

Figure 12: Economic Zones of Greenstone-Marathon Industrial Corridor



26 Author's interview with an official in the Economic Development Office, Wawa, June 2016.

On the positive side, the Lake Superior Marine Conservation Area presents considerable economic potential for Terrace Bay and Marathon beyond the pulp mill that is the current anchor industry in the area. Also, Greenstone's location at the southern edge of the Ring of Fire is an immense strategic advantage waiting to be tapped. Benefits from the Ring of Fire project will accrue not just to the First Nations communities located at its epicentre, but right across the industrial corridor.

The Manitoulin Industrial Corridor

The Manitoulin Island industrial corridor encompasses the whole stretch of the island, which has a population of 12,600. The corridor consists of two incorporated towns, Northeastern Manitoulin and the Islands and Gore Bay; the townships of Assiginack, Billings, Burpee and Mills, Central Manitoulin, Dawson, Gordon/Barrie Island, Robinson, and Tehkummah; and six Anishinaabe First Nation reserves. The continuity and integration of the constituent units of the industrial corridor makes it unnecessary to break down the population of each community.

The Manitoulin Island industrial corridor has economic assets in tourism, agriculture, and fisheries. Its agro-industrial and tourism-based economy and particular geographic characteristics make it an economic region distinct from the Sudbury city-region.²⁷ As one interviewee noted, "contrary to assumptions about our economic dependence on Sudbury (which is true for accessing government services and some retail shopping), we have a relatively independent economic base that has little or no transaction with the Sudbury city-region. We have a natural economic boundary [in tourism and agriculture] by virtue of our island characteristics."²⁸

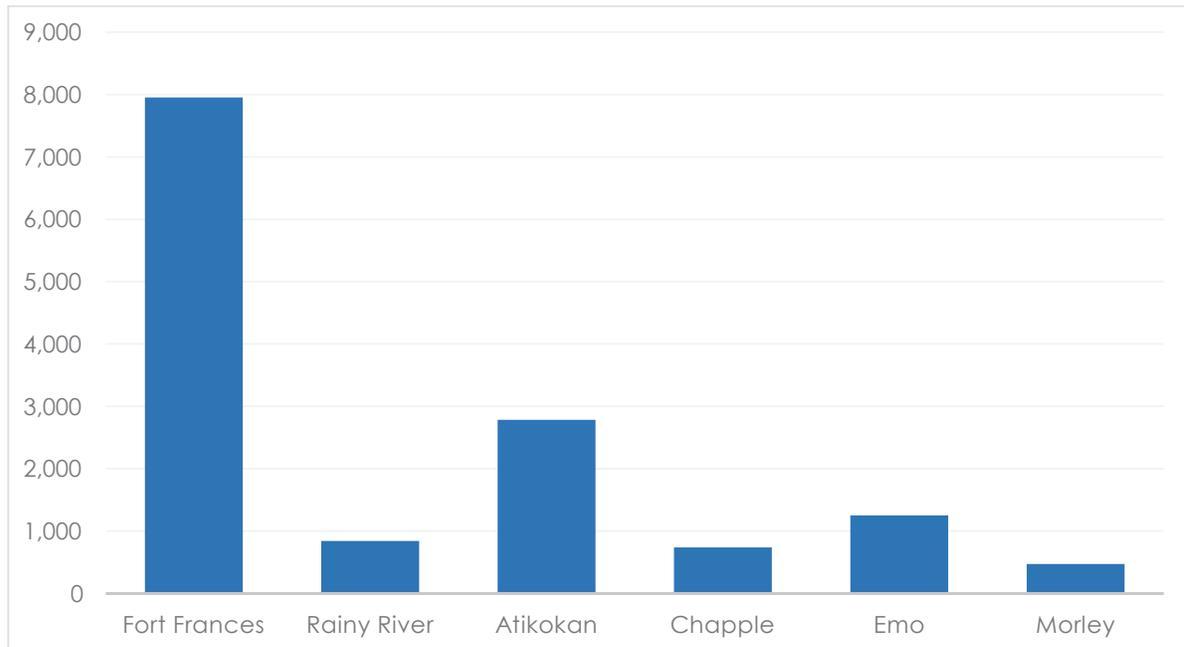
The Fort Frances Industrial Corridor

The Fort Frances industrial corridor (Figure 13) consists of the towns of Fort Frances (population 7,952) and Rainy River (842); and the townships of Atikokan (2,787), Chapple (741), Emo (1,252), and Morley (474). The corridor is a distinct economic zone from the Kenora city-region to the north and the Thunder Bay city-region to the east. Unlike Kenora, it is economically and culturally oriented toward the US state of Minnesota (Fort Frances 2015), and its border location close to the US market gives it a noteworthy strategic advantage. As an extension of the prairies — that is, endowed with flat, fertile land — the industrial corridor has a large agricultural base. The corridor also has economic assets in mining and forestry. The Fort Frances industrial corridor also bears some similarity to and overlap with the Kenora city-region, as both are integrated with Manitoba in retail and tourism flows, and both have a strong Aboriginal presence that offers considerable strategic opportunities (and challenges) which come with having the fastest-growing demographic in the region and country.

27 See the website of the Municipality of Central Manitoulin Economic Development Committee, at <http://www.centralmanitoulin.ca/administration/committees/economic-development>, accessed May 2016.

28 Author's interview with a business owner in the tourism sector on Manitoulin Island.

Figure 13: Economic Zones of Fort Frances Industrial Corridor



The Parry Sound Industrial Corridor

The Parry Sound industrial corridor (Figure 14) consists of the town of Parry Sound (population 5,800); the townships of Armour (1,372), Carling (1,248), Machar (923), McDougall (2,705), McKellar (1,144), McMurrich/Monteith (779), Perry (2,317), Seguin (3,988), Strong (1,341), and The Archipelago (566); and the villages of Burk's Falls (967) and South River (1,049). The corridor is rooted in tourism and, along with the neighbouring Muskoka and Haliburton regions, forms part of Ontario's cottage country (Parry Sound 2015). The latter, however, are for all practical purposes part of the southern Ontario economy, and their local administrative infrastructures make them similar to towns and cities in southern Ontario. The Parry Sound industrial corridor does not have an incorporated county, regional municipality, or district municipality level of government, but shares with the districts of Northern Ontario the characteristic of purely territorial division. The corridor is similar to the Kenora city-region's tourism-based economy in the sense that its population roughly triples in the summer months to approximately 60,000 (Parry Sound Area Industrial Park n.d.).

Conclusion

The study has identified two distinct types of economic zones in Northern Ontario — city-regions and industrial corridors — for the purposes of regional economic development planning and investment. The significance of this exercise for public policy is to map out the spatial configuration of the region's complex economy. There are critical differences in the potential and needs of the two types — between larger cities, with more diversified and resilient economies, and clusters of smaller, more vulnerable single-resource communities. These distinctions are often overlooked in discussions of the complexities and nuances of the economic geography of Northern Ontario and their implications for public policy.

Policy Implications

Northern Ontario is in the midst of unprecedented change in an age of seismic industrial restructuring. Some evidence of positive changes emerging from this apparent crisis of economic transition can be seen in the extremely strong desire of local communities across the region to preserve their existence, reinvent themselves, and adapt to the imperatives of a post-industrial economy — a theme that featured strongly in most of the interviews I conducted across the region. Their determination to ride the wave of change must be matched, however, by the platforms and processes that will enable these communities to leverage and mobilize their economic assets fully.

Too often, local communities in Northern Ontario have felt as though they are on their own amid the impersonal forces of change,²⁹ despite the efforts of the provincial and federal governments and their constituent agencies in the region. This clearly points to the need to rethink and restructure current modes of intervention to make them more inclusive of local communities that are at the frontlines of industrial restructuring and economic change. The literature — see, for example, Bradford and Wolfe (2011); Conteh (2013); OECD (2007); Scott (2001) — suggests that, unless communities feel a sense of control over their own socio-economic destiny, and unless they are a critical part of deliberations about identifying assets and challenges and prioritizing investment decisions, no amount of government blueprint or plan for economic growth could mobilize fully the talents and efforts of local actors. Communities do not always need lofty blueprints of growth plans. Instead, they need the governance infrastructure designed at the local scale to enable them to mobilize ideas and resources to ensure a sustainable future for themselves, and the partnership of upper levels of government to help them make the necessary investment in realizing those ideas.

Designing the local infrastructure of economic development governance would empower communities to tap into their collective assets to build prosperous and inclusive economies. They could identify appropriate tools to solve their own problems with the support and partnership of upper levels of government. Economic development does not need rigid governance structures, but fluid platforms to think strategically and act regionally along the line of sector-specific supply chains, agglomerations, and shared opportunities and needs. Communities need institutionalized forums that will outlast charismatic

personalities. Instead, the tendency has been for well-intentioned individuals to champion a cause, then fade away with no continuity. The significance of local platforms of deliberation and planning is that communities would be able to identify their own problems and come up with solutions.

Northern Ontario currently lacks such platforms. Districts are not counties as one understands them in southern Ontario, and so there is no governance structure at the local level to facilitate community-based economic development. Mayors and economic development officers of the large urban centres meet periodically in informal groups, which are extremely important forums for higher-level discussions of broad and general policy issues affecting the whole region. But at the local scale, where strategic investment decisions need to target the specific assets and challenges of economic clusters, there are no such platforms.

Municipalities have sought to fill that gap by making their best efforts to develop economic strategies and identify investment priorities. But the problem with this is twofold. First, municipalities have vast variations in their capacity for such economic development strategic planning, and investment, leaving smaller municipalities often ill-equipped. Second, municipal boundaries that serve political and administrative purposes do not correspond with economic geography, which often involves a constellation of municipalities within a certain industrial corridor or economic cluster. The tendency then is to foster fragmentation and parochialism among residents where a more holistic approach is needed.

This study conceives of economic clusters for public policy purposes as geographically delineated spaces for strategic knowledge sharing and investment planning (see Steiner 2006). They provide a platform for asset mapping, problem identification, investment planning, knowledge sharing, organizational learning, and management of new market opportunities. The governance infrastructure of economic clusters therefore can be seen as specific social technology for the mobilization of a community's assets and the coordination of its key sectors and actors to move toward a desired trajectory of change and reinvention. In this regard, economic clusters provide modes of governance for local economic development activities.

29 Author's interview with a tourism official, Kenora, June 2016.

The literature and empirical evidence on economic clusters place considerable emphasis on their socio-cultural as well as economic characteristics: a community of people and a population of firms in one naturally and historically bounded area. Economic clusters provide the most tangible expression of the fusion of economy and society. This socio-economic understanding of economic clusters has brought to the fore the policy salience of non-economic, socio-territorial dimensions of the concept. It also raises implications for the imperative of creating the institutions and processes that will facilitate interaction, trust, and cooperation among constellations of local actors within a shared geographic space. In short, thinking in terms of economic clusters can help design platforms of local economic development governance that are critical pieces of regional economic reinvention in an age of industrial restructuring (Asheim, Cooke, and Martin 2006).

Economic clusters thus extend to non-economic factors such as the culture, norms, and institutions of a particular place, and how these intangible assets determine a community's capacity for collective action to reinvent itself in the face of change. Central to this understanding of geographic economic clusters is an appreciation of local economic development as an intrinsically social process. From a policy standpoint, then, economic development has institutional and cultural elements that draw attention to the capacity and legitimacy of local governance infrastructure, social capital, and collective action. As one interviewee put it, "I think of clusters in terms of a potential compelling common cause for cooperation and collective action among residents."³⁰ Accordingly, the significance of territoriality in economic development is not simply a matter of geographic manifestation of sectoral clusters, but also of a sense of collective identities and a capacity for collective action (Amin and Thrift 1995; Storper 2013).

The value in thinking about economic clusters is in identifying communities that share certain organic features, assets, and challenges, and in framing deliberative processes to identify trends, opportunities, threats, assets, weaknesses, and design solutions. Upper levels of government could frame a new kind of partnership guided by the priorities of communities.

Thinking about geographic economic clusters as platforms of local governance in Northern Ontario is a critical prerequisite for realizing Prime Minister Justin Trudeau's declaration in Davos, Switzerland, that Canadians should be known in the world for their resourcefulness, not just for their resources.

Industrial restructuring resulting from the increasing modernization (or mechanization) of most resource exploitation activities and the emergence of low-cost jurisdictions is here to stay for the foreseeable future. In light of these trends, policy conversations and investment decisions aimed at stimulating value-added processes, spinoff activities, and services-based industrial sectors are critical for the future of Northern Ontario. This calls for new kinds of institutions, new governance perspectives, a new entrepreneurial ethos, and bold new approaches to supporting small, medium, and large enterprises in the region.

30 Author's interview with a city government official, North Bay, June 2016.



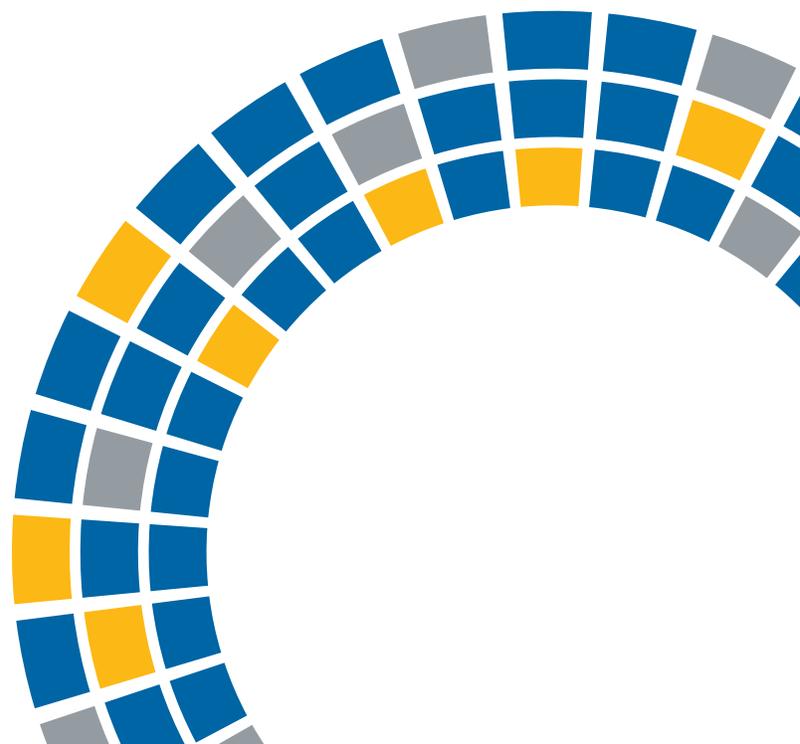
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Northern Policy Institute is Northern Ontario's independent think tank. We perform research, collect and disseminate evidence, and identify policy opportunities to support the growth of sustainable Northern Communities. Our operations are located in Thunder Bay, Sudbury, and Sault Ste. Marie. We seek to enhance Northern Ontario's capacity to take the lead position on socio-economic policy that impacts Northern Ontario, Ontario, and Canada as a whole.

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