

Divergent Paths in Regional Economic Development: A Tale of Two Festival Towns

ROSS NELSON
Thompson Rivers University

PATRIK STRÖM
University of Gothenburg

JONAS BJÄLESJÖ
Linnaeus University

This study compares how two small communities in rural settings tried to promote sustained economic development by capitalizing on local music festivals. Merritt, British Columbia, Canada, home to a large country music event, focused on place branding, marketing, and related entertainment initiatives. Hultsfred, Sweden, in contrast, used its iconic rock festival to create a year-round music industry cluster called RockCity. Our study argues that the alternative strategies reflect fundamental differences in economic development policies and governance structures. We subsequently question whether RockCity-like cluster initiatives are possible in the Canada without coordinated tools and programs for supporting cultural industries in small communities.

INTRODUCTION

The increased importance of services within advanced economies has attracted the attention from researchers and government agencies (Bryson and Daniels; Huggins and Izushi). Many argue that high-tech manufacturing and knowledge intensive services are especially critical for the economic competitiveness of metropolitan regions (Daniels and Bryson). Similar assertions have been made about the role of the creative, cultural, and experience industries in large cities (Power and Scott; Andersson and Andersson). These industries include a wide range of sub-sectors such as the arts, entertainment, music, computer game development, food, design, public relations, and advertising.

Policy-makers and academics have begun to question whether cultural and creative services can also promote growth in small cities and rural areas (Jayne et. al.; Ström and Nelson). The main goals and means for supporting this economic transformation can vary widely

(Nelson, Murray, and Duxbury). In some cases the objective is to compensate for the decline of resource or manufacturing industries; in other cases, the objective is to enhance local competitiveness by realigning the economy with global markets and regional and national policy objectives; and in others, economic changes are closely linked to wider social and environmental goals. In this paper we discuss how local agendas are enabled and conditioned by regional or state economic development policies. In particular, our study compares how two small communities have tried to capitalize on music festivals. Merritt, British Columbia—home to one of Canada's largest country music events—has focussed on place branding, marketing, and related entertainment initiatives. In contrast, Hultsfred has developed a music industry cluster called RockCity to extend the economic benefits of one of Sweden's largest and oldest rock music festivals. *We argue that these alternative goals and pathways are more than the product of local circumstances, that they reflect fundamental differences between Canada and Sweden's economic development policies and governance structures.*

We state our case by structuring the paper into three sections. The first section examines regional economic policy, with an eye to how recent changes differentially affect the options and perhaps prospects of smaller communities in peripheral regions of Sweden and Canada. The next section presents the case studies. The last section evaluates the different strategies in the context of regional and state planning policies. While both Merritt and Hultsfred's festivals have struggled in recent years, the cluster initiatives favoured in many European countries have clear scale and competitive advantages. *We question, nevertheless, whether RockCity-like clusters are possible in the Canada without more coordinated policy tools and funding programs.*

DIFFERENCES IN GOVERNANCE

Regional economic development policies are shaped by political and administrative structures and thus are conditioned by geographical and historical circumstances. Sweden and Canada are examples of countries that have complex, export oriented, market economies tempered by extensive welfare programs and structures. Both also have hierarchical urban systems dominated by a few financial and cultural metropolises and supported by a wide base of smaller communities in a resource dependent periphery. In addition, both countries face significant health care, labour force, and immigration challenges due to aging populations and increasing dependency ratios. There are also differences. Sweden has a strong administrative tradition of nation-wide structures and programs. Regional units, be they traditional "landskap" groupings, or modern county-like län, have few jurisdictional rights. Sweden has, furthermore, a distinctive "urban" structure in which all national territory, no matter how remote or sparsely populated, is part of a municipality. Over the last 20 years, supranational structures such as the European Union (EU) have also become vital planning actors. Taken as a whole, this geopolitical context has fostered direct linkages between national and local agendas and encouraged regional planning initiatives, multi-regional alliances, and experiments in local and regional development. Canada, in contrast, is a co-operative federation of provinces and territories. While the central, federal government exerts strong control over the territories, external affairs, First Nations, and internal, cross-border trade, provinces function as semi-autonomous units that exercise jurisdiction over resources, many social programs, and communities. Municipal boundaries in most provinces are closely aligned, furthermore, with their ecumene. The affairs of less populated places—unincorporated settlements, rural areas, and wilderness—are overseen by regional boards that answer directly to

province. Canada's more fragmented political structure hampers co-ordination across planning jurisdictions and thus efforts to develop innovative and internally supportive economic development strategies.

SMALL CITIES AND ECONOMIC DEVELOPMENT POLICY IN SWEDEN

As in many developed countries, evolving economic structures and fortunes have caused regional development policy in Sweden to change dramatically in recent decades. From the 1950s through to the late 1970s, Sweden used regional policy tools to counterbalance spatially uneven growth. The goal of regional planning was to upgrade areas where less competitive industries had disappeared. These equalization policies often benefited smaller cities through infrastructural investments, subsidies, and the relocation of government functions (Sveriges National Atlas). The multinational automotive giant Volvo received financial support, for example, when it agreed to locate production in smaller municipalities in western Sweden during the 1970s. This approach to regional policy was dominated by a top-down view that saw national planning as a means for addressing major issues (Dahlgren).

A subsequent period of economic stagnation placed increasing strains on Sweden's redistributive philosophy (Inrikesdepartementet). The utter collapse of steel production in the Bergslagen district, troubles within the manufacturing sector, and the increasing importance the knowledge, business services, and experience industries also accentuated the need for change. The state government had neither the financial means to address the country's increasingly uneven economic geography nor to directly subsidize new, competitive industries. A deep financial crisis in the early 1990s only punctuated the need for an alternative model.

The solution adopted resulted in a shift from a "share the wealth" to a "national growth" agenda. This model prioritizes bottom-up strategies and emphasizes internationally competitive, new economy industries (Westholm; Dahlgren). In particular, strategies that promote geographic concentrations of coordinated economic activity have become a vital policy tool for promoting innovation and scale advantages within advanced service and manufacturing sectors (Asheim and Coenen). Sweden has used Michael Porter's model of competitive advantage to shape cluster policies and has created new programs and agencies such as Nutek (Agency for Economic and Regional Growth), Vinnova (Agency for Innovation Systems), and Visanu (a bridging program) to support them (Lee and Park; Lindqvist). These initiatives are now housed within a new organization called Tillväxtverket (The Swedish Agency for Economic and Regional Growth). This agency has the authority to develop innovation policy in all regions and sectors (Tillväxtverket). The national growth focus also emphasizes the increasing importance of metropolitan regions to the country's long-term economic health. This orientation is based on the conviction that large cities lie at the centre of the modern knowledge economy (Nutek, *Storstadsutveckling*, 4). EU initiatives have also encouraged the formation of larger and more flexible regional planning units. By joining the EU in 1995, Sweden became more involved in supranational programs that try to co-ordinate economic initiatives and promote extra-regional competitiveness (Enterprise Europe Network). The Øresund region—a cross-border collaboration between Copenhagen (Denmark), Malmö and Lund (Sweden)—is an obvious example.

While not a central cog, non-metropolitan areas have, nevertheless, not been excluded from recent regional policy initiatives. Regional networks, for example, have been encouraged to link smaller centres with each other and if possible with large cities. The goal of

this strategy is to share infrastructure, coordinate agendas, and enhance competitiveness (Näringsdepartementet, 27). Västra Götaland was the first and still one of the largest examples. It contains 49 municipalities—including Göteborg, Sweden's second largest city—and 1.6 million people. The region was formed in 1999 to synchronize transportation, communication, and public health services; widen participation in regional governance; increase economies of scale; and, perhaps most importantly, to meet EU requirements for accessing development funds (Westholm, 5). Smaller municipalities have also been selected for cluster experiments across a wide range of industries including automobile components, geographic information systems, plastics, chemicals, aluminum, biotech, glass, wood products, computer components, graphics, printing, and textiles (Lundequist and Power). The experience industry is thought to hold special promise in smaller centres (Lundström). Hultsfred's RockCity, Grythyttan's Måltidenhus (Centre for Culinary Arts), Trollhättens Film i Väst, and Karlshamn's Netport (computer games and new media) are commonly cited examples. The four communities, despite their small size and remoteness, were identified by the Swedish Knowledge Foundation as national "meeting places" for the experience industry. This designation is part of a strategy to embed clusters within larger development policies and public and private networks (NUTEK, Klustermanueln).

SMALL CITIES AND REGIONAL POLICY IN BC AND CANADA

Regional policy has traced a similar trajectory in Canada. Before 1980, regional policy had two primary objectives: 1) local economic expansion through the exploitation of natural resources and 2) the reduction of regional economic disparities. In British Columbia, a series of fiscally conservative governments promoted economic expansion through massive investments in the province's resources and energy, transportation, and urban infrastructure. These investments were guided by a perspective that tied the province's fortunes almost exclusively to the export of raw or semi-processed natural resources (Hayter and Barnes). The province tried, nevertheless, to stimulate settlement and economic growth in its forest and mineral rich regions through appurtenancy policies that forced companies to harvest and process resources in ways that benefitted the source regions (Young and Matthews, 179). The federal government was intimately involved in the goal of balancing regional disparities. Steered by the division of powers across the Canadian political system, the federal government created a succession of bridging agencies and distributive programs such as the Agricultural Rehabilitation and Development Act, the Fund for Rural Economic Development, and the Department of Regional Economic Expansion in the 1960s (Hodge and Robinson). The agencies tried to modernize farming practices, stimulate new industrial growth poles, and identify opportunities for expanding tourism in rural areas, northern communities, and aging industrial centres. The Tourism Industry Development Subsidiary Agreement—a multiyear project to expand tourism in non-metropolitan regions—and the Northeast Coal Project (NECP) were significant examples of federal-provincial regional planning in BC.

Disillusion over the results of many large, top-down planning initiatives—the NECP lost an estimated \$2.8 billion—in combination with structural changes and the rise of neoliberal agendas have shifted the focus and character regional planning across Canada. As in Sweden, increasing weight is now placed on the networking, educational, leisure, and creative functions of large cities. Advocates of this perspective have called for a "New Deal" that would enhance the ability of Canada's metropolises to raise the revenue and negotiate agreements other political units (Bradford, iii; Sancton and Young). Proposals have also been aired about the need to link

cities at the top of Canada's urban hierarchies with small centres and "disconnected places ... [that would otherwise] face a future of decline" (Martin and Florida, 27). According to the geographers Bourne and Simmons, the most suitable frame of reference going forward are functional city-regions since "a focus on individual cities and local municipalities ... is likely to be inefficient and inequitable, and potentially self-defeating" within Canada's decentralized political structure (4).

Similar arguments have been made about the need to strengthen linkages between Vancouver's service dominated economy and the peripheral regions of BC (Davis). For example, a *Progress Board* report—part of an inquiry into ways to "restore" the province's resource dependent regions and communities (Project 250)—argued that "in the context of the early 21st century there is now a pressing need to develop more imaginative and innovative approaches" to regional development (Hutton, 27). The report called for bottom-up, "regionally-grounded" model of development would provide a "stronger voice and set of responsibilities [to] local authorities" and encourage new industry clusters as "centre-pieces of official community plans, and as essential complements to investments in infrastructure" (Hutton, 26-7). Other recommendations centred around three themes: 1) the restoration of the wealth generating capacity of the land base through a variety of regulatory and development initiatives 2) the improvement of communication and transportation infrastructure to increase trade and information flows and 3) the identification of viable clusters within especially the knowledge, specialty agriculture, and recreation and tourism industries.

The full implementation of these recommendations has been limited by the transition from Keynesian to neoliberal strategies within regional economic policy in BC and elsewhere. For communities in the province's periphery, this shift is manifest in less investment by the state in economic and social infrastructure, laissez-faire market and regulatory reform, and economic agendas that promote resource exports over import substitution and encourage local agencies to embrace entrepreneurial activities (Young and Matthews). The provincial government has prompted municipalities to take the initiative and responsibility (and risk) for local development by "rolling out" selective and competitive funding pools (Young and Matthews, 182). Examples include the Towns for Tomorrow program, the Northern Development Initiative, and the Community Forest Programme. These programs have helped kick-start capacity building projects and subsidize public works in alert and enterprising municipalities. They have been criticized, nevertheless, for a lack of vision and for undermining regional cooperation. Markey, Halseth, and Manson argue that a "shared mindset" is essential to long-term planning and cooperation among neighbouring communities (417). Without a coordinating vision, bottom-up initiatives tend to focus on immediate and idiosyncratic needs, and thereby often fail to address the factors driving change in the wider economy.

CASE STUDIES

Hultsfred and Merritt are 7000 kilometres distant but have remarkably similar demographic, geographic, and economic characteristics. Hultsfred is located 250 kilometres southwest of Stockholm (Figure 1). The municipality had a population of 15 thousand in 2008, about a third of which lived within its urban core. Wood industries, reflecting the region's extensive pine and hardwood forests, have been a mainstay of the local economy. The municipality was home to a pre-manufactured home industry, a pulp mill, and numerous small scale but high-end furniture factories. In recent decades, offshore competition caused many of these operations to close with predictable impacts. Since 1970, Hultsfred's population has fallen by 5000. Many of the out-

migrants are young adults, a significant majority of whom, as in small communities in other developed countries, are female. To stem the outflow, the municipality has worked to diversify its economy by supporting initiatives in the service sector generally, and the music industry specifically. The RockCity music cluster is the best known of these efforts.

Figure 1: Southern Sweden



Merritt is a small town of 7000 residents (2006). It is located 270 kilometres northeast of Vancouver, British Columbia, Canada in the sparsely populated and resource dependent Nicola Valley (Figure 2). The valley's extensive grasslands and surficial coal beds attracted settlers in the mid 1800s. Since the 1950s, the surrounding pine covered hills and plateaus have sustained the economy. Merritt is home to 5 major sawmills that collectively account for 30% of the labour force. Construction lumber is the standard output, but firms have experimented with value added products such as metric dimensional lumber for Asian markets and naturally blue stained furniture and panelling. The latter is one of the few benefits of the vast pine beetle infestation that has affected 15 million hectares of forest in the interior of BC. In light of uncertainties about the viability of wood industries in the long-term, Merritt has worked to diversify its economic base (Hanna, Dale, and Ling). Notable initiatives include a downtown revitalization plan, new retirement communities, expanded retail and government functions, and country music attractions and related tourist facilities.

Figure 2: Southwestern British Columbia



ROCKPARTY, THE HULTSFREDFESTIVALEN, AND RockCity

Hultsfred's music festival took root in the early 1980s when local youth decided to enliven small town life by hosting rock concerts. Despite considerable public resistance, the youth successfully organized a non-profit organization and secured the rights to host events in municipal buildings and parks. Rockparty staged the first Hultsfredfestivalen in 1986 (Bjälesjö, Rockparty). Six thousand people bought tickets to hear Nils Lofgren, New Model Army, Erasure, The Triffids, and other bands. Attendance at the annual summer event edged past 20 thousand daily in 1991 and peaked at close to 40 thousand in 2006. Hultsfred's commitment to alternative acts means that it is not only one of Sweden's largest festivals, but also its premiere showcase for emerging talent (Aronsson). According to marketing surveys, the Hultsfredfestivalen is one of the most recognized brands in Sweden.

The Hultsfredfestivalen attracts an audience of teenagers and young adults. For many, the pilgrimage to Hultsfred is a right of passage, a chance to escape home and school and enter a diverse but tolerant community (Bjälesjö, Hultsfred). An attendee interviewed by the ethnographer Jonas Bjälesjö put it this way: "Hultsfred ... is an oasis. Everything I need and that I can't get at home is here. The music, the timeless atmosphere, pleasant people, good food, a feeling of freedom, song and dance" (Hultsfred, 202). Youth subcultures and their associated music, dress, attitudes, and image also find room within the relaxed behavioural norms. Rockparty is well aware that a sense of freedom and community are its most valuable assets and that the festival's credibility depends on how quickly and how well it endorses new musical genres and youth cultures. The line-up of acts tends to be long (150+) and eclectic.

The festival is held in a heavily treed historic park located on the shores of Lake Hulingen approximately 1.5 kilometres from Hultsfred's commercial centre. Rockparty initially rented the park but were later given greater oversight (Bjälesjö, Place). As the festival grew into a national event, Rockparty and the municipality shared the expense of upgrading the park's

infrastructure and grounds. The park's recreational facilities, heritage structures, and a couple of private homes located within the park are fenced off during the festival. Most food and clothing vendors, political organizations, non-profit groups, leisure activities, beer gardens, change rooms, and stages are housed in temporary structures. Adjacent pastures, a private campground, and nearby residential areas also accommodate attendees.

The idea for the cluster began to take form in the late 1990s when Rockparty was invited to participate in the EU sponsored Puzzel project. The goal of the project was to identify ways to create local employment in the music industry and to raise the Hultsfred's profile nationally. One of the concrete outcomes was MusicLink, a Rockparty subsidiary that works with digital media and IT to distribute experiences and develop systems for managing intellectual property rights in the digital world. MusicLink's business and research partners include Ericsson (Wireless festival13), STIM (Performing Rights Society), and Swedish record companies.

Buoyed by initial successes and supported by 5 million Euros from municipal, regional, national, and EU agencies, Rockparty launched the RockCity project in 2000. RockCity was envisioned as a national, creative meeting point that would both host music events and foster industry linkages (Nielsen, Rönnlund, and Svensson; RockCity Hultsfred). The immediate goal was to create a place where educators, students, researchers, entrepreneurs, performers, and music technicians would come into regular contact. The critical component is a music management program run in tandem with the University of Kalmar (now Linneaus University). Other elements include a national development centre for the Swedish music industry (IUC Hultsfred), a business mentorship program (Start Studio), a music summer camp for teenage girls (PopKollo), a music reference library, the Swedish rock archives, the distance education operations of a regional college, and classrooms (Figure 3), computer labs, and recording studios. In 2006, Rockparty and an educational provider called Drivkraft opened a rock music high school. A museum modelled after Seattle's Experience Music Project is also planned. All of these activities save the high school are housed on a former car dealership 2 kilometres north of Hultsfred's core (Figure 4).



Figure 3: Classroom in RockCity.



Figure 4: Part of the RockCity complex.

From a broader policy perspective, the cluster was a means for strengthening national networks and thereby enhancing Sweden's competitive position within the global music industry. Political support for the music industry is well developed in Sweden. The national government through its sub agencies has recognized popular music as an important industry and an area in which the country has competitive advantages. By some estimates, the Swedish music industry generates nearly \$1 billion annually and ranks in net trade per capita behind only the United States and the United Kingdom. Popular music's contribution to national identity and Sweden's positive cultural image are also highly valued. Popular music, as a result, receives support from a variety of governmental organizations and institutions, including the Swedish Ministry of Culture; the Swedish National Council for Cultural Affairs; the National Board for Youth Affairs; the Music Industry and Experience Economy Development Centre; the Swedish Trade Council; and the Swedish Business Development Agency. Considerable support for music and the music industry is also channelled through grassroots organizations, educational societies (ABF, Bilda, Sensus, Studieförbundet, Studieförbundet Vuxenskolan), and networks of non-profit music associations like Kontaktnätet and Moks. This high level of commitment to the music industry, in combination with a long Social Democratic legacy of promoting cultural education has encouraged and provided financial support for homegrown associations like Rockparty as well as rehearsal premises, recording studios, and performance venues for aspiring bands (Hallencrutz, Lundeqvist, and Malmberg).

The strategies used to establish and run RockCity have been codified into a FUNK development model (Nielsén). The letters of this acronym stand for Forskning (Research), Utbildning (Education), Näringsliv (Business), and Kultur (Culture). These spheres of activity are considered essential to a cluster's main outcomes—creativity and innovation—whether realized as new knowledge, products, events, or experiences. Creativity, according to the model, is the product of activities within and between the spheres. Creativity is thought to be fostered through

collaboration of, for example, music management students, the music industry, and community associations. As a result, networking opportunities such as RockCity's student run Rookie festival (Figure 5), academic colloquiums held during the Hultsfredfestival, and employment training programs that are coordinated to meet the staffing needs of the sound migration centre and rock archives are central to the model.



Figure 5: Music management student's interviewing industry professionals during the 2006 Rookie festival, RockCity.

While RockCity and members of Rockparty have received numerous awards for their accomplishments, the cluster's future is far from certain. Festival attendance fell by 10 thousand in 2007. The decline was mostly attributed to higher ticket prices, scheduling conflicts, and organizational decisions. Receipts for the 2008 and 2009 were also weak despite new personnel and program adjustments, including rescheduling the event to reduce competition. After 3 unprofitable years, and despite further assistance from the municipality, Rockparty was forced into bankruptcy in 2010. The municipality assumed sole ownership of RockCity while the rights to the festival sold to a German company. Its new owners must figure out how to control escalating performance fees and attract new audiences. Without a large scale festival, RockCity's legitimacy and in tandem its ability to contribute to the local economy will be severely compromised.

MERRITT MOUNTAIN MUSIC FESTIVAL

The Merritt Mountain Music Festival is the largest outdoor music event in BC, and one of the largest country music festivals in North America. Approximately 120 thousand attended the

week-long festival in 2005 and again in 2006, contributing between \$15 and \$30 million dollars to the local economy. The festival's success was in part due to its ability to attract headline acts such as Tim McGraw, Reba McEntire, Toby Keith, and Brooks & Dunn. However, the festival has also developed a reputation as "BC's biggest party" and as a result has attracted media and audience attention beyond the boundaries of country music. The region's provincial representative declared "that the Merritt Mountain Music Festival has put this small western town ... where real cowboys walk the streets, and on a dry summer day tumbleweed rolls through the surrounding grasslands ... on the national map." [1] Less inhibited promoters have granted the festival "World's Fair status."

Mountainfest, as it is commonly known, is run by Active Mountain Entertainment, a small company based in metropolitan Vancouver. The festival began in the last 1980s in a small village an hour south of Merritt. In 1993, in search of a larger venue, and better highway access, the company acquired a 200 hectare parcel of undeveloped land on Merritt's southern boundary. To stage the event, Active Mountain must request permission from regional planners to temporarily use land within the province's Agricultural Land Reserve. The only permanent structures in this area are the main stage and a couple of small houses and storage facilities. Active Mountain has developed plans to add a year-round resort with 150 upscale housing units and an 18-hole golf course. Longer-term ambitions include a motorsport facility, water park, outdoor entertainment complex for 25 thousand, theatre, spa and fitness centre, hiking trails, artificial lakes, shops, winery, casino, and tramway link to Merritt.

Staging the festival in a cow pasture may heighten the symbolic significance of the festival. Mountainfest sells itself as an "urban-rural alterity"—the idea that the rural is a different place, and perhaps a different time (Hopkins). Merritt's rural setting, historic ranching industry, and nearby Indian reserves contribute to the imagery while silt cliffs and hills physically and symbolically isolate the site from the outside world. This otherworld quality, as in Hultsfred, is one of its key assets. The grounds offer a liminal sphere, a place where normal behavioural expectations and obligations are temporarily suspended. Mountainfest provides a time and place for behaviour not normally condoned in public. In its initial years, older crowds (35 to 65 years of age) predominated. However, as the event and its notoriety grew, the proportion of young adults increased. For many, Mountainfest is a social gathering: "sex, beer, and music, in that order," are the key attractions. Not surprisingly, elevated crime and traffic, noise, and health violations have been a concern for Active Mountain, the city, and regional planners.

From an economic standpoint, the dilemma before Merritt was how to spread and amplify the benefits of an event it did not control. The festival's location and private ownership restricted regulatory, taxation, and partnership options. The absence of relevant regional, provincial, and national growth policies also limited choices. To date, Merritt has primarily tried to increase the festival's economic impact through marketing techniques. The city has bought, for example, the exclusive right to call itself the "Country Music Capital of Canada." Merritt has also encouraged business to adopt western façades through guidelines and subsidies and created performance spaces within its commercial core (Figure 6). In addition, it has actively supported local non-profit groups to devise stronger connections between the town and the festival. The most visible initiative is a murals project. The city plans to eventually have upwards of 60 murals depicting well-known entertainers who have performed at the festival or who have made significant contributions to country music in Canada (Figure 7). The murals are painted on buildings in the commercial core by a professional artist assisted by local youth. The municipality has also supported a walk of stars project. Since 1993, the bronzed handprints of more than 100 performers have been installed in the downtown core (Figure 8). A fundraising gala is held each year to unveil and auction off new handprints to local businesses. The city and economic

development agencies have also staged street markets, free concerts, investment tours, and social events to capitalize on the influx of visitors during Mountainfest.



Figure 6: Western façade, Quilchena Street, Merritt.



Figure 7: Ian Tyson mural, Merritt.



Figure 8: Keith Urban Walk of Stars plaque and fan, Merritt.

Theming, mural projects, main street beautification, and corporate style branding are standard fair in small towns. In some cases, as in nearby Chemanius, BC and Leavenworth, Washington, or further afield in country music centric Branson, Missouri and Tamworth, Australia, these strategies have paid exceptional economic dividends. Merritt's efforts to cast itself as a country music capital have, nevertheless, met with scepticism from parts of the business community as well as the consultants steering a city centre improvement plan. Opponents argue that the country music theme is not sensitive to the region's economic and cultural diversity. The consultants also are concerned about the risks of committing to a single theme, especially one intimately associated with an event over which the community has little control. Their solution envisions Merritt's commercial core as a "place combining the built environment, facilities and experiences in a package reflecting authentic character and image and multiple opportunities of enjoyment" (Urban Systems, 10). The plan casts Merritt as the "Star of the Nicola Valley," as a regional service centre and tourism destination where visitors can "Experience the Stars." While hesitant to fully embrace a country music theme, the consultants nevertheless endorse the city's plans for a "cultural and performance centre ... [since it] would add a significant attraction to the downtown and expand opportunity for more intensive use and increased tourism." Their report also recommends a medium-size theatre for music and other performing arts, studio space, a country music hall of fame and a gallery focused on country and western music, art and culture (Urban Systems, 25).

Ultimately the consultant's proposed timeline for the construction of the cultural and performance centre was not met, and there is reason to suspect it may not be built soon. Mountainfest lost money in 2008 and 2009 as daily attendance fell by over 50%. The downturn has been attributed to Active Mountain's efforts to reinvent the festival as a clean, family friendly event by closing the festival's "anything goes" campground. Escalating costs, weaker line-ups, sponsor cancellations, tighter lines of credit, new competitors, and an aging demographic have undoubtedly also played a role. On the last day of the 2009 festival, Active Mountain disclosed

that it could not pay wages on time and warned in all likelihood that next year's event would be cancelled. The longer-term future of the event is uncertain. Active Mountain, already saddled with a significant debt load, mothballed development of the planned resort complex, and may lose parcels slated for development through foreclosure if new investors or government support are not forthcoming. On the municipal side, Merritt recently lost a battle to acquire the assets of the Canadian Country Music Hall of Fame to a music heritage organization in Calgary. Without the festival, and with few other tangible assets, events, or regional support, Merritt's status as the country's country music capital and the industry value to the local community is worth little more than a letterhead that proclaims it.

REGIONAL POLICY AND THE FUTURE OF SMALL CITIES

What would cause two communities of similar size, situation, and economic structure to choose such different pathways for capitalizing on the local music festivals? The answer we believe are disparities in regional planning policy. In Hultsfred's case, the RockCity project would not have been possible if not for economic planning policies that promote clusters as a vital tool for meeting local, regional, and national objectives. These policies have been instrumental for identifying and supporting cluster opportunities. They have also helped create extensive linkages and thus helped generate the networks that are central to the success of clusters. In BC, clusters were identified as a strategic opportunity in the Progress Board's reports at almost the same time work began on RockCity. The provincial government also established policy and funding sources to encourage and support local initiatives. Merritt's local economic development community was well aware of these possibilities. It successfully acquired \$300 thousand from the Towns for Tomorrow fund for the enhancement of its city centre (lighting, landscaping and street furniture), hosted provincial forums on rural development, and even met with Rockparty executives when they came check out Merritt's promotional initiatives. The difference is thus not one of knowledge nor of sanctioned development possibilities. The principal difference between Hultsfred and Merritt is that the latter—as far as coordinated regional, cluster building efforts are concerned—sits within a policy vacuum. Clusters are a complex and costly undertakings, and perhaps an impossibility for small communities lacking concrete guidance and targeted funding from higher levels of government. In BC, and at the national planning levels, the vision, enabling agencies, and funding and administrative mechanisms necessary for successful cluster development simply don't exist. As a result, Merritt's decision to rely on conventional place marketing strategies is no more surprising as it is difficult to criticize.

In offering this assessment, we do not want to imply that local individuals and groups were unimportant. Rockparty played a fundamental role in the establishment and development of RockCity. From its inception, Rockparty has deliberately cultivated an "outlaw" image, a group known for both their stubbornness and creativity. This image was a natural product of the founders' youth, small town origins, and musical tastes. It also was a useful political and social tool for tapping into and building extensive networks with community groups, the music industry, government officials, and politicians (many of whom used the festival for their own ends). Rockparty's agency, in other words, was critical for taking advantage of the structural opportunities and challenges presented by regional planning structures. In Merritt, non-profit agencies have also been instrumental as have the actions of Active Mountain Entertainment and its principal owner Claude Lelievre. As a tightly controlled, privately held company, Active Mountain's tactics focussed inward—it did not actively seek outside assistance or community linkages beyond the immediacies of permits and policing until it ran into severe financial

difficulties. One also wonders if the politically correct city centre plan constrained curiosity about more visionary but targeted development possibilities.

In offering this assessment, we do, however, want to emphasize the importance of structural planning and the need to experiment with economic cluster strategies. The large scale, top-down regional planning policies of the 1950s through 1970s had mixed success at best, as have the bottom-up but uncoordinated strategies of the neoliberal era. The drawback of the neoliberal agenda is that its atomistic approach to municipalities (as to firms and entrepreneurs) is not well suited to new economy initiatives in peripheral regions. Small communities do not typically have the funds or human capital necessary to take advantage of the highly competitive and rapidly evolving programs launched by neoliberal governments. On their own, they also lack the economies of scale and networks necessary to compete in the knowledge economy. As a result strong arguments have been put forward about the advantages of clusters, especially those which focus on cultural and creative activities, for creating sustainable communities and of the need to connect local agendas and initiatives with strong regional development policy (Nelson, Duxbury, and Murray). The European Commission on Culture recently released a "green paper" in which it argues that while "policies and support instruments need to be determined locally, building on local specificities and assets and tapping into local resources ... effective coordination between different policy and administration levels is essential for success." Herein, we believe, echoing the arguments of Thomas Hutton, Larry Bourne, and Jim Simmons, lies the critical difference between Hultsfred and Merritt, and by extension Sweden and Canada. Cluster development wherever, but most critically in non-metropolitan areas, requires multilevel cooperation, geographically connected agendas, and networked financial and administrative support. If we do not figure out ways to create "top-down and bottom-up partnerships working within a coherent and supportive public policy framework," smaller communities will struggle to move beyond boilerplate theming and branding strategies such as the ones with which Merritt has experimented (Markey, Halseth, and Manson, 419). Cluster building is a complex undertaking that requires a medium to long term development window and widespread cooperation (European Commission on Culture, 14). Many believe, nevertheless, that it is best tool for addressing the economic challenges and possibilities of small communities.

Notes

[1] BC, Hansard, May 7, 2003, 15(5), p. 6554.

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About the Authors

Ross Nelson, PhD
Faculty of Arts
Box 3010, 900 McGill Rd
Thompson Rivers University
Kamloops, BC, Canada V2C 5N3
rnelson@tru.ca

Patrik Ström, PhD
Department of Human and Economic Geography,
School of Business, Economics and Law, University of Gothenburg
Box 630
S-405 30 Gothenburg
patrik.strom@geography.gu.se

Jonas Bjälesjö
Baltic Business School
Linnaeus University
jonas.bjalesjo@lnu.se