Local Economic Development as a Response to Economic Transition

Pierre Filion
School of Urban and Regional Planning
University of Waterloo
Waterloo, ON N2L 3G1

In discussing the adaptation of local economic development policies to changing economic trends and different local circumstances, this article considers what impacts the major economic trends of the last decade have had on the economic development initiatives of four middle-sized Ontario municipalities. These trends include the 1981-1983 recession, the recovery that followed, and the restructuring that accompanied this economic cycle. The focus on local economic development efforts raises a number of questions about the nature of the processes leading to the formulation of local economic development strategies, the interest groups that most influence this formulation, and the institutional arrangements put in place to deal with local economic development.

Local Economic Development

Recently, local economic development has received much attention. It is portrayed as a "bottom-up" alternative to the "top-down" regional development initiatives carried out at the national level. This interest in local economic development efforts can be traced to the coinciding of a growing awareness of the limited effectiveness of regional development programmes—particularly in times of stringent fiscal

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restraint—with a growing involvement of municipalities in matters of economic development (Coffey and Polèse 1984; Economic Council of Canada 1990). Local economic development is hailed as a grass-roots alternative, a complement to senior governments' regional development programmes, and a means for communities to increase control over their economies.

Local economic development consists of efforts by municipal governments or other community-based organizations to stimulate economic activity at the local level. Municipal governments tend to take the leading role because of the legitimacy associated with their representation system and their financial resources, which generally exceed those of other community organizations.

The concept of local economic development covers a wide range of options. These options can be entirely focused on economic objectives, or they can combine economic with other objectives. One option is to attempt to achieve maximum economic growth, which translates into job creation, increased tax revenues, and an appreciation of property values. All economic activities likely to contribute to this growth are potential targets. Another option purports to stabilize the local economy by promoting diversification and local entrepreneurship. Finally, some options marry local economic development with social objectives, such as the employment of specific groups of unemployed workers, and with environmental goals, such as sustainable development.[1]

The Shaping of Local Economies

To understand the need for and nature of local development measures, one must also understand the factors that shape local economies. To be effective, these measures must adapt to national and international economic trends as well as to the internal features that determine a municipality's development potential. Local economic development strategies consist of publicizing these features when they are favourable, or attempting to alter them to improve a municipality's performance in a changing economic environment.

Figure 1 lists the factors that shape local economies. They are organized in a pyramidal fashion to indicate a top-down progression from factors that operate at the global level, to local factors outside community control, and finally to other forms of local factors that are at least partly subject to community control. In fact, Figure 1 reveals the connection between global and local factors and how they

1. See Blakely (1989) for an alternative classification of local economic development options.

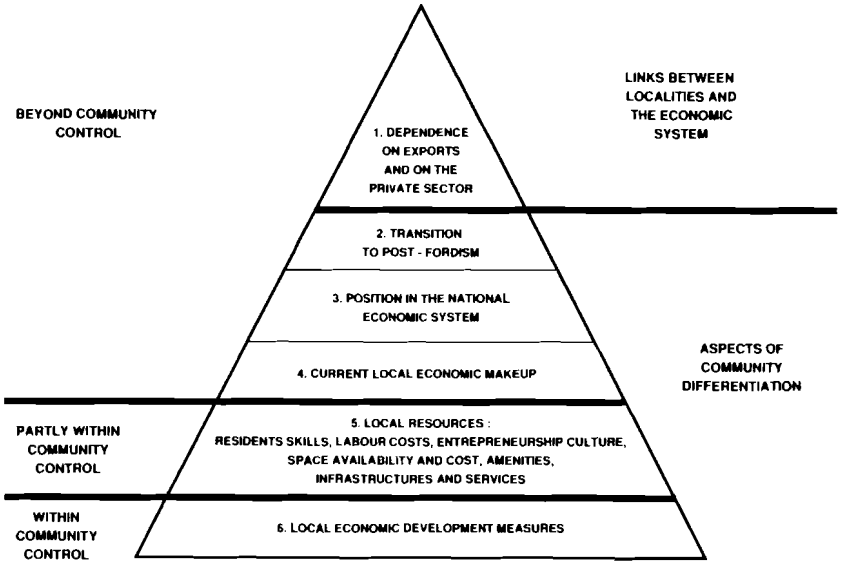

FIGURE 1 Factors shaping local economics

collectively contribute to shape local economic development measures, the base of the pyramid.

The first and second levels of the pyramid set the context for the lower levels by exploring the links that tie most communities to the changing capitalist system. At the risk of stating the obvious, the first level indicates that the economies of most communities are characterized by a dual dependence: (1) on exports outside the community and (2) on the private sector.[2] The first dependence stems from the need to export outside the community to generate an inflow of money. Such funds are then used to provide consumption goods and services that, at least partly, originate from outside the community and that are essential to people's existence (such as shelter, food, and water) and to their participation in a modern society (such as education, transportation, and leisure).[3] The second dependence proceeds from the capitalist state's respect for property rights as well as fiscal and ideological constraints that hold back public sector involvement in the economy. In these circumstances, the private sector comes out as best equipped to set

2. These two forms of dependence were the subject of an earlier paper, which dealt in part with the four municipalities discussed here (see Filion 1989).
3. This view is inspired by the economic base model, which suggests a simple depiction of exchanges between an area and its environment as a factor determining the area's level of economic activity. According to this model, the extent of the non-basic sector (devoted to internal consumption) is a function of the size of the basic sector (consisting of exports) and of a multiplier coefficient determining the number of times export-generated funds will circulate within the local economy.

up production units and marketing systems that generate sales outside the community and to induce an influx of money within the community (Heibroner 1985; Hirsch 1978; Poggi 1978).[4]

The second level of the pyramid—transition to post-Fordism—refers to transformations of the economic systems of Western industrialized countries that intensify communities' vulnerabilities arising from their dual dependence. These transformations consist of a movement away from Fordism in which the balance between production and consumption rested on the payment of relatively high wages to industrial workers in developed countries. Fordism was based on ongoing productivity gains and the mass production of industrial goods. Since the 1960s, a globalization of the economy, evidenced by world trade volumes exceeding gross domestic product growth by approximately one-third, has gradually ushered in post-Fordism (Aglietta 1979; 1982; *Economist* 1990; Lipietz 1985; Ross 1983).[5]

Post-Fordism has resulted in large-scale transfers of production capacity away from Western developed countries and ongoing attempts to reduce production costs in these countries. The deep 1981-1983 recession and the sharp recovery that followed accelerated the shift toward post-Fordism. Firms have relocated either their entire operations or segments of them that depend on unskilled labour to take advantage of lower production costs elsewhere (Markusen 1987; Massey 1984; Scott and Storper 1986). These changes, together with automation, explain a decline in the proportion of Canadian manufacturing employment as a total of all employment from 24.5 percent in 1951 to 16.8 percent in 1986 and an absolute decline between 1981 and 1986—in the latter case the 1981-1983 recession was obviously also a factor (Filion and Mock 1991; Statistics Canada 1988b:Table 1).

Another cost-reduction strategy gaining ground under post-Fordism is the vertical disintegration of large industries, which are contracting out production stages that used to be carried out in-house (Harvey 1987; Morris 1988; Scott 1988). Vertical disintegration is responsible for an intensification of spatial linkages resulting from frequent deliveries tying together an increasing number of suppliers and purchasers. These intensified linkages culminate in just-in-time arrangements, which are becoming increasingly common within the automobile industry (Holmes 1986).

4. In some communities, exports are generated mostly by the public sector. These communities "export" laws and government decisions (in the case of capital cities and other administrative centres) or public services and are compensated by the inflow of tax-generated revenues. In capitalist countries, only a limited number of communities can owe their existence to the public sector because the public sector itself ultimately depends on surplus generated within the private economy.
5. Because of space limitations, this article concentrates on those aspects of the transition to post-Fordism that most affect local economies.

A further feature of this ongoing economic transition is the emergence of new high-technology sectors, which assume growing importance in terms of manufacturing employment given the massive job losses in the traditional economic sectors. But perhaps the most important facet of postwar economic changes is the phenomenal growth of the services sector, which more than filled the void left by a waning manufacturing employment base (Gershuny and Miles 1983; Picot 1986). This trend became particularly noticeable during the 1980s.

As for the local consequences of the transition to post-Fordism, most localities in Western developed countries will have suffered the loss of manufacturing establishments. Moreover, increased firm mobility rules out community reliance on "solid" establishments as was the case in the past and subjects localities to sudden reversals of fortune (Thrachte and Ross 1985; Walker 1978). Another consequence for most localities is the dominant role small businesses and the services sector in general play in creating employment. But apart from high-order service occupations that mostly locate in large metropolises, this employment is generally low paid (Friedmann and Wolff 1982; Stanback and Noyelle 1982).

The next levels of the pyramid concentrate on the competitive advantages and disadvantages that determine the economic development potential of localities and thus the local impacts of the post-Fordist transition. It is important to realize that the existence of different socioeconomic environments—defined on the basis of such attributes as labour skill levels, factor of production costs, and linkage possibilities—is an essential prerequisite for the spatial redeployment of economic activities, which marks the transition to post-Fordism.

Level 3 on the pyramid in Figure 1 refers to a locality's position in the national economic system (which itself occupies a specific place in the global division of labour). Such a position is determined by the economic specialization of the region in which the locality is found and by the economic role it plays both within and beyond this region.

Canada's economic geography is characterized by a stark contrast between a heartland where population, manufacturing, as well as centres of economic and political control are concentrated, and a hinterland covering most of the country and depending economically on the extraction and harvesting of natural resources (McCann 1987; Simmons 1991; Sitwell and Seifried 1984). The Canadian heartland runs broadly from the city of Quebec to Windsor (Yeates 1975). In Ontario, population and economic activity are concentrated within a segment of the Canadian heartland: an industrial belt consisting of a corridor along the Highway 401 axis from Oshawa, 25 kilometers east of Toronto, to Windsor, 370 kilometers southwest of Toronto. This belt,

which also encompasses the "Golden Horseshoe" surrounding the western shore of Lake Ontario (Filion 1991), is the Canadian region that most benefitted from the 1983-1989 recovery.

As expected in light of post-Fordist trends, a decentralization in manufacturing employment driven by the search for lower production costs materialized within Ontario. But this decentralization was moderated by a continued reliance on a skilled labour force and a desire to maintain linkage patterns. As a result, this trend was particularly favourable to areas surrounding Metropolitan Toronto, some self-standing medium-sized centres within the industrial belt, and certain sectors on the edge of the industrial belt (Filion 1991). Another source of decentralization has been the predilection emerging high-technology sectors show for locations bordering urbanized areas. These locations, however, must be within easy reach of an international airport, research centres, and universities, and must offer an abundance of green field sites, good road transportation, and the types of amenities that appeal to highly skilled employees (Bollinger et al. 1983; Malecki 1980, 1985; Oakey 1984; Premus 1982).

Level 4 is the current local economic makeup. This makeup either enhances or hinders the future development potential of a community, depending on the performance within the national economy of the sectors that dominate this community.[6] Accordingly, location in the Ontario industrial belt is not a guarantee of prosperity. Between 1981 and 1986, areas dominated by traditional, Fordist-type industries suffered a loss of manufacturing employment—for example, Hamilton (dominated by the steel industry) and the Niagara region (dominated by metal and textile industries). Meanwhile, the unusual vitality of the automobile industry in the years that followed the recession led to sharp employment growth in the automobile centres of Oshawa, Oakville, and Windsor. This vitality was fueled by robust consumer demand and a low Canadian dollar relative to the U.S. currency, which favoured Canadian car and parts exports to the United States.

The availability in different communities of resources that help support economic development depends largely on these communities' past and present economic structures. Such local resources are listed in Level 5 of the pyramid: labour skills and costs, availability and cost of sites, entrepreneurship culture, local amenities and natural resources, and infrastructures and services. The scale of current infrastructures and services is a response to demands that arise from a municipality's level of economic development. This level of development

6. The current local economic makeup incorporates past public sector interventions, but for a community attempting to influence future development this markup comes out as a given. At any time there is very little a community can do to modify this makeup in order to become more appealing to potential investors.

sets the tax yields that are available to install infrastructures and provide services. In the same vein, labour skills are shaped by the needs of firms currently established in a locality. Within their financial and jurisdictional limits, municipal governments and other community organizations can alter somewhat these resources and as such attempt to use them as tools to shape the economic future of a community. For example, local educational institutions can set up labour force retraining programmes.

Finally, Level 6 of the pyramid consists of other measures implemented with the specific purpose of achieving and guiding economic development, and which belong to the options mentioned in the first section of this article. These measures are entirely within the control of a community. Their scope, however, is restrained by the means at the disposal of the community.

Agencies responsible for the promotion of local economic development can adapt their efforts to (and thus reinforce) post-Fordist trends by stressing compatible local features such as the availability of a skilled labour force and production costs that are lower than those of other centres. These agencies also can attempt to stimulate forms of local entrepreneurship that could take advantage of large firms' vertical disintegration. Another option is to target such growth sectors as high technology and tourism. But local development agencies can equally pursue avenues of development that do not derive directly from the post-Fordist transition. This is the case for three forms of initiatives. One refers to attempts to rest local development on public sector activity—Sudbury, a northeast Ontario community of approximately 150,000 persons, relied on public sector employment to diversify its economy (Filion 1988). Another form consists of promoting innovation, which translates into increased economic activity and high profit margins accruing from an initial monopolistic position. And finally, there is the option of extending the non-basic sector—and thus enhancing the local multiplier effect—by encouraging production and service activities geared to the local market.

Methodology

This study concentrates on four medium-sized communities with populations ranging from 36,040 to 79,920. The interest in this group of cities stems from their level of economic specialization which is higher than that of large centres and which makes them more sensitive to economic transitions on a national and international scale (Simmons 1991). Furthermore, production costs that are generally lower than those of large centres enhance their attractiveness for firms in search

of cheaper locations. While these characteristics are shared with small centres, two additional features justify this study's focus on medium rather than on both medium-sized and small centres. First, unlike most small centres, cities belonging to this group have the capacity to hire local economic development officers and mount and execute economic development strategies. Second, medium-sized cities can compete with large cities by attempting to attract establishments of different dimensions. By contrast, most smaller cities cannot accommodate large plants.

The four Ontario case studies reflect a variety of economic histories and structures, as well as a range of locational advantages. Two are located within the Toronto economic orbit, albeit in regions posting very different economic performances; one is to the east of the southern Ontario industrial belt; and one is located outside the southern Ontario economic heartland (see Figure 2).

Open-ended, structured interviews were carried out with local actors from the four communities. The actors were chosen for their abilities to provide the information required to reconstruct the evolution of local economic development measures from before the 1981-1983 recession to 1989. The interviews were designed to gather facts rather than to elicit personal views. And so the investigators would not be exposed exclusively to the "official story", interviewees came from both inside and outside municipal economic development departments. This ensured that information provided by one interviewee was corroborated by another belonging to a different organization or department. Twelve persons were interviewed: three economic development officers, one mayor, one planning and development department director, one chair of a municipal economic development board, one member of such a board, one planning department director, one finance board chair, one chamber of commerce member, one local economic development task force member, and one veteran community activist. Relevant municipal documents such as official plans, economic development strategic statements, and programme descriptions were examined to trace the evolution of local economic development measures. Publicity material put out by municipalities to promote development was also examined.

Local Economic Situations

Table 1 depicts employment levels and economic sector distributions within the four communities, compares these with provincial averages, and charts demographic and employment change between 1981

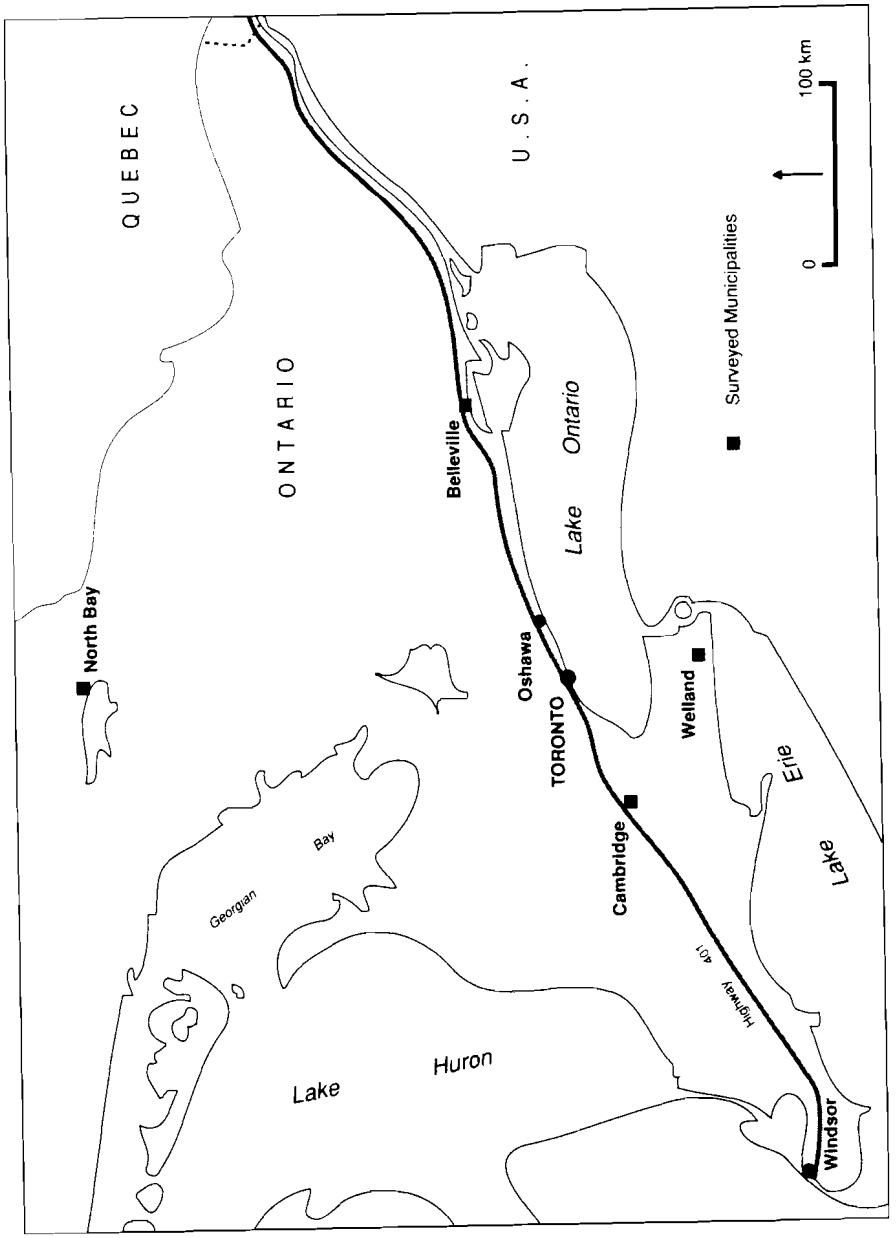

FIGURE 2 Location of surveyed municipalities

TABLE 1 Community Profiles

	Ontario 1981		1986		Change (%)
Total population	8,625,107		9,101,695		5.5
Participation rate					
Males	79.7%		79.3%		-0.4
Females	55.2%		59.3%		4.1
Unemployment rate					
Males	4.6%		5.9%		1.3
Females	6.9%		8.0%		1.1
Labour force by industry					
Primary industries	201,825	(4.6%)	192,735	(4.0%)	-4.5
Manufacturing industries	1,055,565	(23.9%)	1,069,595	(22.0%)	1.3
Construction industries	249,585	(5.6%)	278,365	(5.7%)	11.5
Transportation, storage, communication, and other utility industries	319,105	(7.2%)	355,430	(6.9%)	5.1
Trade industries	743,665	(16.8%)	833,130	(17.1%)	12.0
Finance, insurance, and real estate industries	260,570	(5.9%)	293,865	(6.0%)	12.8
Government service industries	311,540	(7.0%)	335,450	(6.9%)	7.7
Other service industries	1,278,150	(28.9%)	1,521,800	(31.3%)	19.1
All industries	4,420,005	(100.0%)	4,860,380	(100.0%)	10.0

	Belleville 1981		1986		Change (%)
Total population	34,881		36,040		3.3
Participation rate					
Males	76.1%		74.7%		-1.4
Females	50.8%		54.8%		4.0
Unemployment rate					
Males	7.3%		7.9%		0.6
Females	9.5%		9.2%		-0.3
Labour force by industry					
Primary industries	175	(4.0%)	190	(1.0%)	8.6
Manufacturing industries	3,840	(22.5%)	3,965	(21.7%)	3.3
Construction industries	794	(4.7%)	930	(5.1%)	17.0
Transportation, storage, communication, and other utility industries	1,635	(9.6%)	1,555	(8.5%)	-4.9
Trade industries	2,995	(17.5%)	3,305	(18.1%)	10.4
Finance, insurance, and real estate industries	630	(3.7%)	775	(4.2%)	23.0
Government service industries	1,465	(8.6%)	1,300	(7.1%)	-11.3
Other service industries	5,555	(32.5%)	6,270	(34.3%)	12.9
All industries	17,090	(100.0%)	18,290	(100.0%)	7.0

TABLE 1 (Continued)

	Cambridge 1981		1986		Change (%)
Total population	77,183		79,920		3.5
Participation rate					
Males	82.3%		81.7%		-0.6
Females	57.8%		59.8%		2.0
Unemployment rate					
Males	4.5%		5.1%		0.6
Females	8.3%		8.9%		0.6
Labour force by industry					
Primary industries	440	(1.1%)	585	(1.4%)	33.0
Manufacturing industries	18,380	(46.7%)	17,870	(42.4%)	-2.8
Construction industries	1,945	(4.9%)	2,395	(5.7%)	23.1
Transportation, storage, communication, and other utility industries	1,550	(3.9%)	1,665	(4.0%)	7.4
Trade industries	6,140	(15.6%)	6,795	(16.1%)	10.7
Finance, insurance, and real estate industries	1,490	(3.8%)	1,490	(3.5%)	0.0
Government service industries	1,225	(3.1%)	1,430	(3.4%)	16.7
Other service industries	8,220	(20.9%)	9,875	(23.5%)	20.1
All industries	39,375	(100.0%)	42,100	(100.0%)	6.9

	North Bay 1981		1986		Change (%)
Total population	51,268		50,625		-1.3
Participation rate					
Males	77.1%		76.7%		-0.4
Females	51.9%		53.8%		1.9
Unemployment rate					
Males	6.4%		8.6%		2.2
Females	10.3%		11.8%		1.5
Labour force by industry					
Primary industries	325	(1.3%)	410	(1.7%)	26.2
Manufacturing industries	2,690	(11.0%)	1,945	(7.9%)	-27.7
Construction industries	1,395	(5.7%)	1,435	(5.8%)	2.9
Transportation, storage, communication, and other utility industries	3,070	(12.5%)	2,905	(11.7%)	-5.4
Trade industries	4,880	(19.9%)	4,830	(19.5%)	-1.0
Finance, insurance, and real estate industries	970	(4.0%)	855	(3.5%)	-11.9
Government service industries	2,870	(11.7%)	3,585	(14.5%)	24.9
Other service industries	8,280	(33.8%)	8,790	(35.5%)	6.2
All industries	24,475	(100.0%)	24,755	(100.0%)	1.1

TABLE 1 (Continued)

	Welland 1981		1986		Change (%)
Total population	45,448		45,055		-0.9
Participation rate					
Males	77.2%		73.7%		-3.5
Females	47.9%		50.1%		2.2
Unemployment rate					
Males	5.8%		8.7%		2.9
Females	12.3%		13.6%		1.3
Labour force by industry					
Primary industries	400	(1.9%)	370	(1.7%)	-7.5
Manufacturing industries	8,580	(40.3%)	6,670	(31.2%)	-22.3
Construction industries	865	(4.1%)	1,135	(5.3%)	31.2
Transportation, storage, communication, and other utility industries	940	(4.4%)	1,110	(5.2%)	18.1
Trade industries	3,170	(14.9%)	3,900	(18.2%)	23.0
Finance, insurance, and real estate industries	870	(4.1%)	975	(4.6%)	12.1
Government service industries	840	(3.9%)	900	(4.2%)	7.1
Other service industries	5,610	(26.4%)	6,340	(29.6%)	13.0
All industries	21,275	(100.0%)	21,385	(100.0%)	0.5

Source: Statistics Canada. 1983. *Census Divisions and Subdivisions, Ontario: Selected Social and Economic Characteristics.* Cat. no. 95-988. Ottawa: Supply and Services Canada; Statistics Canada. 1988. *Census Divisions and Subdivisions, Ontario: Part 2.* Cat. no. 94-112. Ottawa: Supply and Services Canada.

and 1986. This intercensal period embraces the 1981-1983 recession as well as the early years of the recovery that followed.

Belleville, the first case study, is located 190 kilometers east of Toronto on Highway 401—that is, east of the southern Ontario industrial belt. The city experienced slow population growth between 1981 and 1986 and registers higher unemployment rates and lower participation rates than provincial averages. Among the case studies, Belleville enjoys the most diversified economy; its employment distribution by economic sector approximates Ontario averages. The city's manufacturing sector is also diversified and comprises a mixture of food, chemical, and communication industries. Belleville was left largely unscathed by the recession of the early 1980s. Only one firm closed, causing the loss of about 20 jobs.

Cambridge is located 70 kilometers west of Toronto on Highway 401. Of all the case studies, Cambridge is the most favourably located because of its proximity to Toronto and, particularly, to Pearson International Airport, which is 60 kilometers away. It also benefits from its presence along Highway 401 within the Oshawa-Windsor industrial axis. Cambridge's population has grown slowly, and the

city's number of manufacturing jobs dropped somewhat between 1981 and 1986. Cambridge's proportion of jobs within this sector remains, nonetheless, well above the provincial average (42.4 percent versus 22 percent). Cambridge's traditional industries (textile, footwear, steel products, and woodworking) were severely shaken by the 1981-1983 recession. Many plants shut down and unemployment reached 25 percent. Things turned in late 1985 when Toyota announced its decision to locate an assembly plant in the city. Currently, automotive, machinery, metal products, electronics, and appliances industries dominate the local economy.

Among the four selected communities, North Bay is the farthest from Toronto—it is located 345 kilometers to the north. North Bay suffered a slight population decline between 1981 and 1986, as well as a dramatic 27.7 percent reduction in its manufacturing employment base. This downfall was somewhat offset, however, by a 24.9 percent increase in government service industry employment. The northern Ontario hinterland in which the city is located is dominated by resource extraction, but North Bay does not fit the northern Ontario resource town stereotype (Filion 1988). The city's largest employer is a Canadian armed forces base. Other large public sector employers are the Ontario Northland Transportation Commission, a provincial agency operating a multimodal passenger transportation network throughout northern Ontario, and Nipissing College, a university-level educational establishment. North Bay shares with Sudbury a regional centre role for northeastern Ontario. This economic structure accounts for the stark overrepresentation in government service industries (14.5 percent of the labour force versus the 6.9 percent provincial average); in transportation, storage, and other utility industries (11.7 percent versus 6.9 percent); and, to a lesser extent, in other service and trade industries.

The 1981-1983 recession caused the closure of two large plants: a mining machinery operation and the Lee Jeans factory which had been in North Bay for less than 10 years and had benefitted from an abundance of senior government grants. Overall, however, the diversity of the local economy and the importance of the public sector's presence allowed North Bay to weather the recession more successfully than other northern Ontario communities.

Welland, a traditional industrial centre, is situated in the Golden Horseshoe segment of the southern Ontario industrial belt. Part of the Niagara region, Welland is located 135 kilometers south of Toronto by road. The region has experienced uncertain economic times over the last decade. Indeed, within the Niagara region, Welland was particularly hard hit. The city's traditional industries, which were concentrated in the primary metal, metal fabrication, machinery, and

textile sectors, were profoundly shaken by the 1981-1983 recession (Romanin 1988). The recession precipitated a decline in the manufacturing sector discernable since the early 1970s when Welland's average income was among the highest in Canada. Eighteen plants, including three major industries, closed during the first half of the 1980s. Between 1981 and 1986, this situation translated into a brutal 22.3 percent fall in manufacturing employment, which was responsible for a decline in population and a 3.5 percent reduction in male participation rates. In 1986, both male and female participation rates stood well below provincial levels, and unemployment far exceeded provincial averages. The downfall in manufacturing employment has been offset by expansion in other economic sectors, particularly in the trade sector. Yet Welland remains overrepresented in the manufacturing sector.

In summary, the effects of the recession and the recovery, as well as the accelerated transition toward post-Fordism they brought about, were felt with different intensities in the four surveyed communities. Belleville's diversified economy and the presence of industries in stable, growing sectors helped that city weather the recession. In North Bay, the trend was a loss of manufacturing employment and an expansion of the services sector. Welland was hardest hit by the recession and the deindustrialization associated with post-Fordism. Finally, although Cambridge too was originally severely affected by manufacturing employment losses, its economy was revitalized by the arrival of the Toyota plant.

Local Economic Development Initiatives

The experience of the 1981-1983 recession together with the desire to benefit from the recovery that followed have influenced the scope of local economic development efforts. In all the municipalities surveyed, the economic development function has been considerably expanded since the early 1980s. For example, in Cambridge the number of municipal employees involved full time in economic development went from one to five, and in Welland the economic development budget increased threefold between 1986 and 1988.

The economic sectors that drove the 1983-1989 recovery have become targets for municipal economic development initiatives. All four municipalities directed promotional efforts toward the automotive parts and accessories sector, and many courted electronics, machinery, metal fabrication, and food processing installations. Likewise, all municipalities adopted measures to bolster tourism. Welland was particularly active in this area (Welland 1986). Its new "Festival of the Arts" consisted of painting murals on city buildings. The economic goal was to attract some of the tourism from nearby

Niagara Falls. In other services sector activities, North Bay tried to lure communications-based industries such as hotel reservation services (to take advantage of its bilingual population) and pressured senior governments to locate offices and services within its boundaries (North Bay 1989).

None of the municipalities pursued a maximal economic growth option that attempted to achieve development regardless of the economic sectors and types of installations on which this growth would rest. Rather, all municipalities adopted a local stability and growth option, which tried above all to make their local economies "recession-resistant" through diversification (see, for example, Cambridge 1987). Consistent with this option was the concentration of promotional efforts on small and medium-sized plants to reduce dependence on a few large establishments. This targeting also reflected the observation that most new jobs are created by small firms (Birch 1981). Cambridge was the only municipality that continued to seek large plants after 1985.

All municipalities also shared a focus on local entrepreneurship. This approach was another facet of the stability option since firms set up by local entrepreneurs—when they survive—are more attached to a community than branch plants (Coffey and Polèse 1984; Khan and Hayter 1984). In addition, local entrepreneurship became an alternative to the reduced availability in the 1980s of footloose plants as employment generators.

Attempts to achieve local economic stability in a period of uncertainty and enhanced firm mobility led municipal governments to adopt retention strategies. These strategies consisted of providing assistance to firms established locally with the aim of encouraging them to remain in a given municipality and helping them weather difficult economic circumstances. Local entrepreneurship promotional and retention measures took the form of counselling services, provision of information on senior government assistance programmes, and guidance in firms' dealings with the municipal administration. Moreover, all municipalities undertook tours or surveys of local plants to keep in touch with their needs. Cambridge and Welland went further by investigating possibilities of joint ventures that could benefit local firms. Cambridge even explored licensing opportunities for local businesses. North Bay, for its part, has lent support to new firms by setting up an incubator building. North Bay officials also participated in the meetings of a local "industrial group", composed of local manufacturers.[7]

7. Attention to local firms also can be explained by figures revealing that in the average city 80 percent of new employment is attributable to local establishments (Bureau of Municipal Research 1982).

In their marketing efforts, all localities stressed the quality of life in their areas—one that is slower paced than that of large cities such as Toronto—and the natural amenities of their surrounding regions. They saw these characteristics as critical in attracting the managerial, professional, and highly skilled employees essential to modern, automated production and some services sector firms. Moreover, such characteristics were perceived as major drawing cards for tourism. The four municipalities also emphasized their lower land and labour costs than those of Toronto, while underscoring their easy accessibility to this city. Every municipality—including North Bay, which is at a minimum five hours by road from the closest automobile assembly plants—alluded to the facility of maintaining just-in-time delivery links with these plants from their territories. This definition of local advantages reflects the desires of the four municipalities to benefit from the Toronto region overflow and from firms' predilections for easily accessible, low-cost locations at the periphery of large centres and industrial areas. The importance of accessibility was highlighted by ongoing pressures on the provincial government from North Bay and Welland—the two cities without limited-access, divided highway connections to the province's expressway network—to improve their road links with Toronto. They saw such improvements as vital to their economic development.

Local Economic Development and Local Characteristics

The survey revealed some differences in the local economic development measures adopted by the four case studies. Of all surveyed municipalities, Cambridge placed the greatest emphasis on the attraction and development of high-tech firms. This focus stemmed from the identification of comparative advantages that included the proximity of three universities and Pearson International Airport. With three neighbouring municipalities, Cambridge launched a promotional effort, "Canada's Technology Triangle", to attract high-tech installations to the region. The city of Belleville also pursued a local economic development measure that was unique among the surveyed municipalities. It attempted to accommodate industries by participating in the establishment of training programmes for new and current workers in conjunction with local educational establishments and senior government funding agencies. North Bay stood out by its lobbying for the relocation of government offices and by its efforts to attract employment for a specific group of workers. Although most of its initiatives attempted to achieve overall growth and diversification, the North Bay economic development department did resort to a targeted

employment approach in order to find jobs suitable for the former workers of the Lee Jeans plant. Finally, the extent of the mobilization of local efforts for the Festival of the Arts was unique to Welland. Another distinction pertains to differences between targeted sectors. Part of the development efforts consisted of attempts to expand sectors already present within municipalities' boundaries. For example, some of Belleville's efforts aimed at attracting more pharmaceutical and food industries, and North Bay attempted to draw additional public sector employment.

Overall, however, the similarities among the surveyed municipalities' local economic development options, measures, and instruments outweighed the differences. All the municipalities adopted a local economic stability option and stressed similar comparative advantages: quality of life, factor of production costs, and accessibility to Toronto. They also generally targeted the same economic sectors.

The instruments used to promote communities for potential investors also had many similarities.[8] All surveyed municipalities relied on brochures, direct mailings, media advertising, and promotional tours, and most participated in trade shows. Economic development departments also had in place assistance programmes for local and fledgling firms. Moreover, all municipalities offered serviced industrial land in municipal industrial parks. Plots in these parks tend to be cheaper than land in private parks because municipalities often forego profit margins when selling them.

Adaptation, Limitations, and Similarity

Why did these municipalities adopt the local economic development options and instruments described above? A closer look at the impact of each of the levels of the pyramid in Figure 1 on the municipalities' economic development initiatives will reveal the effects local economic structures and the forces that shape those structures have on local economic development measures.

The first level—dependence on exports and the private sector—refers to restrictions that make it difficult for municipal governments to become directly involved in the exportation of goods and services out of the community and therefore in the generation of local revenues. The resulting reliance on the private sector translates into fiscal dependence; in most cases, municipal revenues originate ultimately from private firms and from the employment they generate, which

8. Kitchen (1985) reached similar conclusions in a survey of economic development instruments used in Ontario municipalities.

allows households to buy property and then pay property taxes or pay the rents from which landlords' tax payments originate. In these circumstances, municipalities' revenues are largely limited by what private firms are willing to pay in a context in which they can relocate in jurisdictions with lower tax rates (Filion 1987). Households also resist high municipal taxes. These limitations on municipal revenues restrict all municipal expenditures, including economic development initiatives. Because of the higher taxes required to finance them, expensive initiatives meant to stimulate economic development can backfire and, ironically, can help dissuade private investment and lead to the departure of locally established firms.

As for the second level of the pyramid—transition to post-Fordism—this study has revealed the extent to which the 1981-1983 recession, the recovery that followed, and the economic changes taking place over the decade have influenced the scope, nature, and targeting of local economic development measures. This study has demonstrated as well that most measures were tailored to economic changes associated with the transition to post-Fordism: enhanced mobility of manufacturing plants and their ongoing search for lower-cost locations, concentration of growth in a few economic sectors, and vertical disintegration. There is also evidence of efforts that are not solely attempts to ride out trends associated with this transition. This is obviously the case in North Bay's targeting of public sector employment. Less clear is the stimulation of local entrepreneurship, which can be perceived as simultaneous attempts to benefit from vertical disintegration, promote innovation, and extend the non-basic sector.

The next three levels of the pyramid (Figure 1)—position in the national economic system, current local economic makeup, and local resources—point to profound differences in the four municipalities' entrepreneurship potential, appeal to growing sectors of the economy, and overall ability to attract firms.

In the light of the specificity of each municipality's economic circumstances, one would have expected a variety of local economic development approaches tailored to these circumstances. The high degree of similarity among the local development options, measures, and instruments adopted by the four municipalities is thus surprising. One explanation goes back to the dependence of municipal governments on the private sector and the ensuing budgetary limitations which reduce the range of local economic development options. For example, finite tax revenues could explain why, apart from developing industrial parks, municipal governments did little to modify their local resources (introduced in level 5 of Figure 1). Also, the economic trends of the 1980s and the transition that took place over that decade left the same imprint on the four municipalities' local economic development measures. These municipalities' economic development efforts were largely motivated by the experience of the recession and the realization that a community's dependence on a few large firms accentuates local vulnerability in a period of rapid economic change. Moreover, these efforts reflected an identical interpretation of the economic transition of the 1980s. It appears that, in this context, the adaptation to national and international economic trends occurred at the expense of a consideration of the specificity of local economic circumstances.[9]

Explanations of this similarity also stem from understanding the municipal institutional and political contexts responsible for further narrowing local economic development options. At the institutional level, municipal governments face statutory restrictions on local economic development possibilities. In Ontario, the Municipal Act forbids municipalities to offer grants and bonuses to attract and stimulate private investment (Ontario 1980; Young 1985). Moreover, local economic development efforts must compete against numerous costly, and often more immediately pressing, budgetary items (Artibise and Kiernan 1989; Plunkett and Betts 1978).

The standardizing impact of the local political context results largely from the existence in the municipalities surveyed of economic development committees that debate local economic development issues and forward recommendations to the city council. The survey revealed that invariably these committees are composed of representatives of the local business class—sometimes including ex-officio Chamber of Commerce delegates—and certain city council members. Moreover, meetings are held behind closed doors, and no provision is made for public participation.[10] These committees enjoyed a strong influence on city council decisions, stemming largely from the confidence of those councils in committee members' knowledge of economic matters.

The committees became an arena for the formulation of local business people's collective interests in matters of economic development. This explains the choice in all surveyed municipalities of the growth and stability option, the successful outcome of which means a larger local market and additional linkage possibilities for locally established businesses. In addition, some local firms (and indeed house-

9. One cannot dismiss here the homogenizing influence of the common sources of information on global and national economic trends used by local business people, politicians, and local economic development officers (the book *Megatrends* [Naisbitt 1984] was frequently cited in the interviews).

10. Welland stands out here in that it was the scene of a local economic development weekend forum, which was opened to a wide range of interest groups. Interestingly, this forum led to the implementation of an imaginative and original local economic development measure—the Festival of the Arts.

holds) anticipate that further economic growth will decrease current levels of municipal taxation and bring about improved infrastructures and services. In all but one case, adopted options avoided the economic turmoil (and associated strain for local businesses and municipal finances) brought about by the arrival and frequently the later closure of large establishments.

The involvement of other segments of population in the local economic development decision-making process could have conceivably induced the adoption of a wider range of development options. For example, unemployed workers could have called for the formulation of a targeted option, while environmental groups could have brought about a more sustainable form of development. One must not underestimate, however, widespread community support for economic growth as a source of employment and appreciating property values, which generates broad tacit support for the strategies framed by the economic development committees (Molotch 1976).

The similarities among the surveyed municipalities' local economic development measures can then be attributed to the limitations in the scope and nature of these measures. These limitations become increasingly tight as one moves through the chain of causes: export and private sector dependence and the attendant fiscal constraints; economic trends and transition; municipal jurisdictions; the existence of economic development committees; and the domination of local business interests over local economic development decision making. Financial and jurisdictional limitations are also responsible for a discrepancy between economic development objectives and the means at the disposal of municipalities. This is particularly the case for the objective of encouraging local entrepreneurship. To be successful, such an objective requires fostering an entrepreneurial culture, possibly with the help of the educational system. This objective also depends on easy accessibility to venture capital, information networks connecting potential entrepreneurs to markets and production know-how, and the facilities and services required to start a business (Coffey and Polèse 1985; Sweeney 1987). North Bay was alone in offering an incubator building, and Welland and Cambridge were the only municipalities to attempt to construct information networks.

Essentially, all these limitations account for the observed similarities among, and thus reduced impacts of, local economic development measures (level 6 of the pyramid in Figure 1) and, as a corollary, for the dominance as factors of economic development of local comparative advantages tied to natural, locational, and socio-economic attributes (levels 3, 4, and 5 of the pyramid) over such measures. In other words, localities as existing constellations of attributes are more important in defining economic development potential than localities

as agents attempting to promote this development (Cox and Mair 1988, 1991). This situation stems from the limited financial means available to pursue such initiatives and from the insufficient involvement and coordination of various local organizations, which also could contribute to such initiatives. These limitations, combined with a generally conventional understanding of local economic development, have largely confined these initiatives to a marketing of local attributes. Had localities as agents been able and willing to redefine local resources such as residents' skills and the entrepreneurship culture (through far-reaching retraining and entrepreneurship programmes), local economic development strategies could have been more diversified and could have had more of an impact.

Conclusion

This survey has highlighted the ability of municipal local economic development to adapt to changing economic circumstances. The evolution of local development measures signals the determining influence of the 1981-1983 recession, the recovery that followed, and the ongoing post-Fordist transition that was accelerated by these trends. This survey also has identified a disjunction between the relative similarity of local economic development measures adopted by the four municipalities and the differences in their economic circumstances. This disjunction is explained by broad economic factors, as well as local institutional circumstances and decision-making processes.

This study's findings point to several general conclusions about local economic development. First, the four cases studied here suggest a gap between measures and objectives, in particular the development of a local entrepreneurship culture. Given municipal governments' fiscal and jurisdictional restrictions, one can safely assume that many local economic development efforts exhibit such a gap. Second, insofar as the similarities among local economic measures can be generalized beyond the four surveyed municipalities, it can be inferred that these initiatives have, at best, a modest impact on the economies of individual communities because such municipal initiatives are largely cancelled out by similar efforts emanating from other municipalities. These initiatives then have little effect on the economic disparity between municipalities. In these circumstances, those localities already endowed with appealing comparative advantages and an active entrepreneurial culture still come out the winners. Meanwhile, however, all municipalities must engage in local economic development efforts to remain in the economic development race and avoid being completely overlooked by investors. Since these measures do

little to alter the ranking of different municipalities in terms of their economic development potential, the real beneficiaries of these measures are enterprises. By virtue of these measures, they enjoy cheap industrial sites, advice on senior government programmes as well as local licensing and linkage possibilities, and privileged status in their dealings with municipal departments.

It thus emerges that local economic development measures as they are currently being applied do not allow municipalities to alter their economies significantly. The similarities among such measures and their relatively limited scopes prevent a significant transformation of local comparative advantages. This observation challenges the view that local economic development measures enhance community initiative and economic control.

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