

**THE ROLE OF GOVERNMENT IN  
ECONOMIC DEVELOPMENT**

A case study of the tourism industry in Bruce County

MPA Research Project

Submitted to

The Local Government Program  
Department of Political Science  
The University of Western Ontario

August, 1999

Malcolm McIntosh

## **Foreword:**

This research paper investigates the role of government in economic development. In addition, the reasons why governments undertake these types of interventions will be investigated. An understanding of the rationale behind government involvement will hopefully provide the reader with an understanding of the actions of government. The relationship of the role of the politician as a leader for economic development, and the role of government in promoting economic development will also be examined.

The theoretical basis for economic development interventions by government will be reviewed within the context of free market capitalist economies. This will involve a comparison of traditional and non-traditional approaches to economic development. The role of government will be examined within these two frameworks. This will occur by a literature review of major theoretical approaches to economic development.

Examples of economic development initiatives will be examined in North America and Europe to provide the reader with an understanding of the differences in approaches of these two regions. The reasons for differences in approaches of these examples, will be examined in regard to legislative, social and economic characteristics. A literature review of case studies in North America and Europe was undertaken for this purpose.

Lastly, a case study of the tourism industry in Bruce County will be reviewed. The role of government within this industry will be examined from the perspective of the impact of the role of government on this sector. A review of the tourism industry in the County of Bruce was undertaken in 1993-94. This review resulted in considerable changes to the role of government in promotion and marketing of this sector. A recent open ended questionnaire and interview with knowledgeable stakeholders was undertaken to augment this earlier data. From this earlier review a new perspective of regional tourism promotion for this tourism region known as "Ontario's Sunshine Coast" was developed.

It is proposed that there can be a proper role for government in economic development. This role will be determined based upon the severity of the economic and social circumstances affecting the community. As a result, the types of programs included in the government initiatives, will be determined in light of a number of factors including legislation, political ideology, and socio-economic circumstances of the subject community.

## 1. Introduction

Local economic development is a matter of interest to politicians, bureaucrats, and the general public. In a capitalist society, the accumulation of wealth is seen by some as an essential for economic development to occur. This would seem to indicate that the single purpose of local economic development initiatives should be to ensure the creation of wealth by growth in the local economy. The existence of growth in the local economy is seen to have a compounding effect, in that current growth will lead to future growth. Hence the need for capital accumulation to fuel the rate of growth. . Economic development initiatives are also proposed to increase employment opportunities. Increased employment opportunities result in economic benefits which have local, regional, national and global implications.

The establishment and growth of communities has largely tended to occur due to the existence of naturally occurring resources, or due to a strategic geographical location advantage. As local economies have evolved, the existence of human resources and infrastructure resources has tended to have greater importance for local economic development. An example is the development of "knowledge" communities. In addition, as the economies of communities have prospered, so have the relative importance of the communities within a region. This can be seen in the regional, national and global contexts.

In attempts to encourage local economic development, communities have come to accept a level of government interference in the marketplace. The nature and degree of this intervention varies from community to community, and nation to nation. Reasons for this

## TABLE OF CONTENTS

1. Introduction
2. General Theories of Economic Development
  - 2.1 Traditional Approaches
  - 2.2 Non-Traditional Approaches
3. Examples of Local Government Involvement in Economic Development
4. Bruce County Case Study
5. Regional Tourism Perspective - "Ontario's Sunshine Coast".
6. Implications for Regional Economic Development
7. Conclusions

variation depend upon a number of factors including political ideology. In addition, the development of international and global economies has had significant influence upon the development of the local economy. That is, the local economy can be seen as part of the global economic system.

There is no single agreed upon rationale for undertaking economic development initiatives in communities. Some authors such as 1. **Blakley** define economic development as a political process, which includes a community based mechanism to formulate courses of action for socio-economic change. The objective of these types of initiatives is to create new jobs and to stimulate the economy. Often these types of government initiatives involve the giving of tax incentives and subsidies to private businesses. The profitability of economic development in these approaches place emphasis on return on investment, or return on capital.

Some authors feel that the objective of economic development interventions should be to redistribute wealth within the community in a more equitable manner so as to address social problems. This wealth redistribution objective seems to indicate that there is a social obligation to ensure that all residents of a community benefit from the wealth generated within the community. 2. **Bartik** proposes that wealth redistribution activities which are initiated at a regional level tend to foster growth which will generate wealth and result in a more progressive redistribution of wealth within a larger community. Bartik also sees the redistribution of wealth as a mechanism to address social inequities within the community. These approaches which can be targeted toward disadvantaged groups, economically lagging regions, or to specific locations (i.e. inner cities), stress the social returns associated with economic development initiatives.

3. Conklin in his research notes that a number of authors have varying opinions on the appropriateness of wealth redistribution. An argument for wealth redistribution by Maddison, is that “merit wants” including education, health and housing, and “income maintenance” including pensions, sickness benefits, family allocations and unemployment compensation, are required to ensure a minimum level of equity and social support for all of society. This in turn will provide an educated, healthy and socially well adjusted workforce. Other authors tend to view wealth redistribution initiatives as a mechanism to discourage people from working, as support programs are offered irregardless of the need to work. Charles Murray proposes that wealth redistribution programs have institutionalized welfare, and as a result have made poverty an acceptable way of life. I propose an example of wealth redistribution with a social obligation, is the current “Work Fare” or Ontario Works Program of the Provincial government in Ontario. The thrust of this program is to get recipients to work for their benefits available under this program. From this required labour, the community and local businesses are intended to benefit. There is no indication however, that this program is in fact successful.

Still other authors believe that economic development initiatives are undertaken to address a multiplicity of interests. The initiative is seen as a means to enable diverse groups to satisfy some, but not all, of their needs. Such collaborative efforts require a partnership based upon mutual interests. 4. Levy feels there is a need for collaborative partnerships to address long term needs as opposed to short term needs.

Based upon the foregoing it is important to understand that economic development initiatives are undertaken for varying purposes. The purposes vary depending upon what

interests are to be addressed. In most instances, these interventions are undertaken to implement a positive change in the local, regional or national economy, by providing increased employment opportunities.

## **2. General Theories of Economic Development**

As noted earlier, there are many and varied reasons stated for undertaking economic development initiatives. Blakley theorizes that economic development should be undertaken on the basis of rational economic planning, and capacity building within the community. He also proposes that the capacity building approach would consist of the following five phases: 1. Planning and data collection; 2. Selecting strategy; 3. Building action plans; 4. Specifying projects; and 5. Overall development plan. Blakley did however note that in practice this rational approach is often not linear or logical.

Blakley also emphasizes that economic development initiatives need to consider “quality of life” issues. That is, local policies, regulations and procedures, need to be analyzed and reviewed to determine if these are a barrier to local economic development. In spite of his acknowledgment of a need for an analytical approach to local economic development, Blakely notes that governments very seldom undertake any analysis or evaluation of these types of programs.

In the strategy selection phase of Blakely’s process, the community needs to clearly define specific goals for community betterment. Some goals will tend to be short term (i.e. political/administrative), while others will tend to be long term (i.e. skills development,

education). Projects and programs are developed to achieve these goals, and are often encapsulated in a Project Plan. This process typifies the rational planning model identified by **5.Hogwood and Gunn**. The Project Plan is used to articulate specific anticipated outcomes such as employment targets, linkages and spin-offs, community improvements and strategic resources. Financing of projects often occurs through partnerships of the public and private interests. The strategic planning approach to economic development draws upon a number of concepts which were developed as a result of World War II, and utilized to varying degrees in large industry, and the U.S. federal government. **6.Mintzberg** notes that there are a number of models used in developing a strategy and Plan. What is common to these models are the common basic steps of:

- Objectives;
- Budgets;
- Strategies; and
- Programs.

All strategic planning models incorporate some essential elements which need to be addressed in the design, review and implementation of these plans. Firstly, an analysis is undertaken of the state of the entity in an internal and external fashion. This can involve the use of a Strengths, Weakness, Threats and Opportunities(S.W.O.T.) analysis. This is often achieved by a scan of the environment within which the entity is operating. Secondly a further analysis is undertaken from which the organization can begin to identify some desired future state which it wishes to attain. Goals of a high order are identified at this point for the organization, and accepted formally. In some instances an organization will conduct a visioning session to crystal

ball it's future opportunities in light of the identified strengths and weaknesses of the organization. Thirdly, the organization will undertake an evaluation of all possible alternatives available to it in achieving it's goals. These alternatives are evaluated based upon it's resources, and the appropriate courses of action are established as objectives toward which the organization can move. Fourthly, specific action plans are developed considering operational elements such as human resources, annual budgets, market strategies, etc., which put the actions into effect. Lastly, an ongoing monitoring and evaluation of the action plans is implemented to enable the organization to determine it's progress toward the organizational objectives.

I have had significant involvement in the preparation of a Mission, Vision and Management Objectives for an organization for strategic planning purposes. From this involvement, I came to the conclusion that strategic planning exercises do not necessarily unfold in a nice logical sequential manner. The exercise involved multi-interests, and the anticipated outcomes were therefore often at odds with the interests of some of the participants. My experience has lead me to believe that the single most important aspect of strategic planning is continual commitment from the corporate leaders. If this is not possible, then the organization should not make any attempts at this type of activity. A corporate culture which understands the long term importance of strategy, in my mind, is an important aspect of strategic planning. Sadly strategic planning is often seen as a "warm and fuzzy" approach to management, and not for the actual long term benefits which can accrue from its proper development and implementation.

In reviewing Blakley's theory one needs to recognize that for a rational planning

approach, as proposed by him, to be successful requires highly centralized control. It is important to understand that political objectives may not coincide with the business/community objectives, and this lack of coincidence tends to fracture the control over these initiatives. This can arise from the fact that political objectives are often of a short term nature, while the business/community objectives may be of a longer term. As a result, the political representatives will wish to show some short term impacts for immediate political gain, which may however negatively affect long term objectives. This I believe is one of the greatest weakness in the rational planning approach to local economic development.

As indicated elsewhere in this paper, I do have concerns with a planning approach to economic development which relies solely upon the rational comprehensive planning model. I feel that this model can result in the development of strategies which do not contain sufficient flexibility for changing socio-economic circumstances. On the other hand, there is merit to a planning approach to economic development which uses a carefully crafted strategy which can be modified as required, in response to changes in the socio-economic circumstances of the community. Hogwood and Gunn refer to the work of Lindblom in the "muddling through" descriptive framework to decision making. This approach relies upon an incremental approach to decision making which takes into account changes to the decision making environment of the entity. This approach has been criticized by some as being too uncertain, and relying upon reactive strategies, developed upon past circumstances.

I believe that there is a middle point between the rational planning model and the incremental planning model, which can be effective in developing and implementing economic

development initiatives. This middle point requires a degree of forecasting for possible major changes in the circumstances of the community. Governments can play a useful role in this regard by scanning for these changes, and developing appropriate flexible strategies which can be modified based upon changing local circumstances.

7. Douglas theorizes that effective local economic development initiatives need to focus upon building the capacity of the community. Douglas notes that historical approaches tended to focus primarily on the development of industry. He also notes that contemporary approaches tend to focus upon the human resources of the worker. The use of enticements to lure businesses to a location often results in the costs of these enticements being borne by the population at large. As a result, Douglas feels that the businesses, not the community, benefits from such incentives.

Douglas also theorizes that a community based approach to economic development which focuses on community capacity building is a preferable approach to offering direct incentives or subsidies to businesses. Bartik shares a similar theory to that of Douglas. He notes that labour is relatively immobile and tends not to move with employment opportunities. As a result, minorities and disadvantaged persons do not have the available resources to move after jobs, and hence tend to suffer most of all. These two authors emphasize the social impacts of local economic development initiatives.

8. Wolman theorizes that the offering of incentives such as tax differentials between communities have very little impact upon the location decisions of firms. He proposes that there are many other locational considerations which have a greater impact upon their decision

making. Wolman also notes that traditional cost-benefit analysis of development is seldom undertaken. According to Wolman, politicians tend to offer incentives to business without fully understanding the true impact of these incentives. As a result, incentives are often offered simply because businesses have come to expect such offerings.

Based upon the foregoing I propose that the theoretical approaches to local economic development can be categorized into two major approaches. Firstly, there is the traditional approach which is based upon classical economic theory and rational planning. Secondly there is the non-traditional approach based upon social considerations and strategic planning. I distinguish these two approaches in the following manner. Rational planning approach tends to focus on the process of comprehensive planning, while I see strategic planning as focusing on selective goal attainment. An example of the differences can be seen in the development of a new product for sale. If we use the rational planning approach we may concentrate our efforts on producing the best such product on the market. Alternatively, the strategic planning approach may focus on producing the best product to satisfy the ongoing needs of the customer. One approach would focus on the product, while the other approach focuses upon the customer. Clearly, the strategic planning approach is more adaptable to changes in the Market, and to the needs of the customer. The traditional approach also focuses upon direct or indirect incentives to business or subsidies for investment purposes. The non-traditional approach however, focuses upon human resource improvement, or community capacity building.

The traditional approaches, as noted, also tend to rely upon competitive advantage as a means of enticing development to an area, or as a benefit to specific interests. In such instances,

a business or community will offer their human or natural resources, or access to markets, as a means of enticing business to locate in their communities as an alternative to other locations. The non-traditional approaches tend to rely upon developing the entrepreneurial skills of the local residents as a means of creating sustainable local employment, and thereby improving the position of the community at large.

### 3. Traditional Approaches

As noted, the traditional approaches to local economic development have as their basis classical economic theory. The traditional approach places an emphasis on the efficient utilization of scarce resources to create employment opportunities, maximize profits and to centralize wealth. From this wealth creation, the community as a whole is to benefit as the economic benefits trickle down within the community from the wealthy. The traditional approaches tend to focus benefits on individuals or corporations. This is done by encouraging individuals or corporations to invest their wealth in certain locations or certain sectors.

Since World War II, and especially within the U.S., governments have increasingly become involved in attempts to encourage growth and development in minority or rural areas. The objective of these initiatives has been to redistribute wealth to disadvantaged areas and persons. The response of the federal government in the U.S. during the 1950's was to develop a number of programs aimed at reducing unemployment for disadvantaged groups or areas. These programs were directed at specific individuals and did not address problems of the community at large. As an example the Johnson Era, "War on Poverty" program in 1968, attempted to

eradicate poverty by moving the poor out of certain areas. This is similar to the "Model Cities" program of 1975. However, neither of these programs tended to address the real causes of poverty, but only deal with the symptoms of poverty.

The prevailing attitude during the development of these traditional approaches is that the Nation had the capacity to create goods, and that government had the ability to influence the Market by interventions. From this attitude it was assumed that the government had a measure of influence over impacts due to changes in the economy. In more recent time, there has been a recognition that with the rise of the global economy and world-scale corporations, that governments have limited ability to influence the Market. As a result, government driven employment oriented programs may have questionable benefit.

Blakley states that changes have occurred which have tended to "deinstitutionalize" the U.S. economy. An example is the segmentation of the labour force into the "haves" and "have nots", based upon technical knowledge or lack of technical knowledge. Access to and the ability to utilize computer technology, according to Blakley has resulted in the following: neighbourhood decline; rural poverty; rising underclass; and lack of community commitment by footloose firms. Considering the "deinstitutionalize" impacts of these technological changes, and the application of traditional economic based approaches which result in benefits to the privileged businesses, it is again questionable whether these types of initiatives should be provided by government.

In addition, the majority of traditional approaches to economic development are based

upon a "bricks and mortar" orientation. This has tended to focus government initiatives on physical improvements for industrial development. These approaches have a clear basis in classical economic theory of central place, location theory, and principles of economies of scale and agglomeration. Bartik noted that such approaches tend to increase competition between communities, as these communities will attempt to encourage development by offering more and more incentives to businesses. The offering of competitive incentives in one location over another, often results in job increases in one location with job decreases in other locations. As a result, there is not a decrease in unemployment overall, but rather a shifting of employment from one location to another location. Bartik also notes that the offering of employment to immigrant workers who possess skills not available with local workers, means that there will be little benefit to the existing residents. Under such circumstances, the local unemployment may not drop, and in fact unemployment may increase for the existing local residents due to job displacement. In many instances traditional economic development approaches become a zero sum game, with little actual benefit to the local economy.

Bartik also notes that the long term costs of infrastructure improvements often exceed the actual short term economic benefits to the community. An example of this would be the construction of a major highway to attract a large manufacturing industry. This is a long term cost often borne by the public and not the private interests. Should the industry in the short term move to another area of cheaper labour or lower taxes, then the community which built the highway suffers a long term economic burden. The economic burden is also compounded by the loss of employment when the firm moves elsewhere. The undertaking of a proper cost-benefit analysis as part of the evaluation of the costs and benefits associated with the options available to

decision makers would have identified this as a possible outcome scenario for the decision makers when the proposal was being considered. Often these types of studies which identify the opportunity costs of various alternatives, are however not undertaken by decision makers for various reasons.

9. North noted in his research that the traditional approaches utilized in the U.S. were developed based upon European experiences. North however feels this is not appropriate for North American situations. He states that regional development in the U.S. was based upon the exporting of natural resources and foodstuffs to Europe. As a result of these exports, the regional economies of the U.S. prospered. The European regional economies, on the other hand, developed based upon importing of North American resources, and using these resources within strategically located manufacturing areas to produce finished products. Often these finished goods were exported back to North America or other countries. As a result the European regional development experience has been more manufacturing oriented, while that of North America has been more resource location oriented. Based upon these differences, North identified an inherent conflict in attempting to utilize the European experience in the North American context. This conflict may be better illustrated by recognizing that the trading centers of Britain and France grew tremendously due to their ability to access major shipping facilities and shipping lanes to North America. As a result, there was no great need for natural resources for these communities to grow, but rather growth occurred due to some strategic location in terms of exporting goods to North America. On the other hand the North American experience has been one of harvesting natural resources for export to Europe to create finished goods which were in turn exported back to North America. As a result, the North American model of growth

was initially based upon the location and accessibility to natural resources. Consequently, to develop growth strategies based upon the European export model would not reflect the reality of growth in North America where access to natural resources often determined growth. Since the European experience was used to underpin much of the classical economic theory, North questions its applicability to the North American context.

I am not sure that North's argument is relevant to today. At one time, there was a great difference between the European and North American economies based upon access to resources or to transportation facilities. However, this is not the case today, and the difference between necessary infrastructure is also not that great. North America does however, still contain greater supplies of natural resources than much of Europe. However, the world economy has changed drastically since the development of much of the classical economic theory. As an example comparative advantage is still a positive element for growth, but the nature of the advantage has shifted from natural or human resources to technology and access to technology. Since technology does not need to be fixed to a specific location, comparative advantage (which may result from the use of technology) needs to be seen in a new light.

Wolman states that in the U.S. the traditional approaches of offering tax differentials between communities has very little impact upon the location decisions of firms. This is due to the fact that there are a great many variables in the location decision making process, and that tax incentives do not loom large in the minds of the decision makers. Wolman does propose that at the micro-level, and all things being equal, that the offering of incentives could have some impact. However, by comparison to other consideration, the offering of incentives remains very

small. I also view the offering of tax differentials as a way for communities to attempt to improve their assessment base at the expense of another community. As a result, not only is there the potential for zero sum game in terms of employment, but there is also the potential for long term infrastructure costs, and long term assessment loss.

It needs to be noted that many Canadian provinces prohibit the offering of tax incentives as a mechanism to encourage businesses to locate. This is in recognition of the fact that competition between municipalities based upon tax incentives does not contribute to overall employment creation. In some provinces it is possible to obtain tax credits which apply to certain types of business activities, as an example for research and development activities. In the U.S. however, the opposite is the case where legislation often does not exist to prohibit the offering of tax incentives at the state or local level. In fact, as has been discussed at a regional level, such incentives may result in generating unemployment within a region, as jobs flow from one location to another. This may not be the case where employment transfers from region to region. An example would be the location of an automobile manufacturing plant in Ontario, as opposed to Kentucky. Since these are separate economic regions, there is no transfer of employment within a region. As a result, there is an economic benefit to Ontario by the establishment of the new industry, and does not result in a zero sum game within this economic region.

According to Wolman, communities will offer incentives up to a point equal to the perceived benefit of the businesses coming to the area. He notes that seldom is a cost-benefit analysis undertaken of these types of incentives. As a result, the perceived benefit is often quite

subjective and open to many interpretations. Again it would seem that incentives are offered to businesses simply because this is what has come to be expected. From an economic perspective, this is not an efficient use of scarce resources.

10. Kitchen also notes that traditional approaches have tended to focus upon the enticing of manufacturing industries to relocate from one area to another. This often requires that the public interests subsidize the private interests. Private interests will take advantage of these subsidies to the extent that profitability is increased. To the extent that communities continue to offer more and more subsidies to business, there will also continue to be a reduced benefit to the communities. As a result, the offering of incentives will only result in further wasting of resources and inefficiencies. Kitchen states that government intervention may be required only when necessary "public goods" need to be provided at a point beyond which private interests are unwilling to do so.

Conklin states that subsidies are provided by government as production or price subsidies, or as consumption or income subsidies. Often such subsidies are provided to address broad social objectives. The offering of production or price subsidies to businesses, is rationalized on the basis that the benefits which accrue from the subsidy are primarily external to the business, and hence the costs of the subsidy should be borne by the community. The consumption or income subsidies are rationalized on the basis of fostering efficient labour adjustment and growth. Conklin also notes that often the arguments presented to defend subsidies include the strengthening of the international competitiveness of the economy. This strengthening is proposed to result in a comparative advantage for the community or business, in

international competitiveness. This would result in the creation of new jobs and not displacing employment within the economic region, and would not be a zero sum game for the economy.

Also according to Conklin, governments provide subsidies to business in many ways including grants, loans, investments, and loan guarantees. In addition, subsidies are often provided in the form of services or programs which support a sector of the economy, or are provided to specific geographical locations. An example in my opinion, would be the Ministry of Industry, Trade and Tourism, of the Provincial government. This publicly funded entity provides assistance to various business sectors, including the tourism sector. The Ministry program for tourism is entitled "Tourism Ontario" and provides staff, access to provincial politicians, and jointly funded programs with industry for marketing and promoting the tourism industry in Ontario. At the local level, Bruce County maintains the Planning and Economic Development Department, and also provides annual grants to the three tourism committees established in the County to promote the local tourism industry. The rationale for subsidization of the tourism industry in Bruce County will be discussed later in this paper.

From a classical economic perspective, Kitchen notes that economic efficiency is maximized when it is impossible to make someone better off without making someone worse off. From a resource perspective, resources are most efficiently allocated when marginal costs equals price. This is the point where the extra cost of producing the last unit is equal to the price that consumers are willing to pay for that unit. Kitchen also states that economic efficiency is best achieved when producers operate so as to maximize profits. Within this ideal situation resources will be utilized for their most efficient manner.

In my mind in an ideal situation, there would be little need for government to intervene in the market place. All interests would be met by the continued efficient allocation of scarce resources to maximize production and profitability. However, we do not live in an ideal world. Multiplicity of interests and purposes, ensure that resources are not utilized most efficiently, and that profits are not maximized. In addition rational economic thought does not dominate the thinking of our political and businesses leaders. Public goods often need to be available at a point beyond which the private sector will provide them, to satisfy social obligations.

#### **4. Non-traditional Approaches**

The non-traditional approaches to local economic development initiatives tend to focus on social and human resource matters. There is an understanding in this framework, that local economic development initiatives need to focus on community capacity building activities such as employment training and skills development. By undertaking these types of capacity building activities it is proposed that economic development will occur and continue in a sustainable manner. The net result of community capacity building is to create new types of local employment, and not to relocate employment within an economic region. From this perspective, the result is not a zero sum game, but results in an actual improvement in the local economy.

Blakley has noted that these non-traditional approaches in the U.S. place an emphasis on employment training programs. In the U.S., these began under the Nixon administration with the

development of the Comprehensive Employment and Training Act. Initially, these programs were directed at high unemployment areas, and individuals. The difficulty with these types of programs is that they tend to be generic (i.e. computer literacy courses), and are often oversubscribed for an area. As a result, persons may be trained for jobs, but there are fewer and fewer jobs to fill. I have recently been involved in a community consultation on the issue of computer literacy training program development for our County. My experience supports the position of Blakely in that these programs tend to be designed in a generic manner with little thought given to application in local employment needs.

These types of programs are also very desirable to the local politician, as there appears to be an immediate action and benefit in the form of active skills training. However, in the long term there may be limited actual benefit if there are no jobs resulting from these initiatives. Obviously there is a need to balance the specific current and future skills needs of the industry with the training programs being offered to local residents. As noted earlier, there tends to be very little evaluation of the effectiveness or efficiency of these programs.

Blakely also notes that, there is a need to interrelate and co-ordinate national and regional development policies. If this were to occur, according to Blakely, improvements in employment at the regional level will have a direct relationship to employment improvements at the national level. This would result in more efficient programs. In my opinion, this level of co-operation is quite rational from an administrative perspective. From a political perspective however, this level of co-operation may be quite difficult to achieve. The political ideology, or objectives, of the provincial and national governments may not encourage co-operation, and hence the rational

approach will not result. In my experience however, I have observed that the national government programs are often more accessible and easier to administer for the local government than the provincial programs. I feel that this is due to the lack of direct ideological conflict between the federal and municipal governments. Party politics tend not to be a dominant part of municipal government in Canada.

It is my opinion that the economic development programs should be developed based upon local needs and implemented as close to the local level as possible. Obviously there is some need to have a co-ordinated and uniform approach to dealing with certain aspects of economic development issues. Examples would be the design of such programs to ensure consistency and even application. However from an economic point of view it would be absurd to have the same level of finances available to all regions. In some instances, the needs of the region will be different from another region, and this may dictate varying amount of finances being allocated to these regions. There is a recognition that if resources are concentrated in growth areas, then we may find greater relative economic benefit for this growing area. We may be wasting scarce resources by having programs which have little likelihood of success in a declining region. From this perspective it is economically inefficient to have programs for declining areas. On the other hand we have a social obligation to attempt to assist the have not areas by encouraging some level of economic improvement. These considerations require tradeoffs between efficiency and effectiveness, and social returns. This is part of the political aspect of community economic development.

The non-traditional approaches tend to be local community based. Douglas identifies the

“community economy” as one which is an open system. He also defines community based economic development as a spectrum of economic development interventions, which attempts to influence the outcomes of many decisions for specific community development objectives. Douglas also states that people’s perceptions of power, and their predilections for radical change, will also influence community economic development. The building of community capacity is the direct outcome of community economic development initiatives, and requires community leaders to promote change. Douglas and Blakley share the common view that there is no one model for economic development, but rather there exists a movement or crusade for local community economic development from which actions will result.

Douglas seems to be the most radical of the authors on this subject. He proposes that a revision to classic economic theory is required to address contemporary problems of growth. He feels that this revision should be based upon the following:

- basic human needs as a priority;
- endogenous, nationally or locally determined development;
- self-reliance including collective self-reliance;
- ecologically sound development aware of the limits of resources; and
- structural changes including social relationships, power sharing, decision-making and necessity for self-management.

I indicated earlier that the non-traditional approaches require that there be local leaders who have the capacity or ability to effect desired change in the community. For such leadership to exist, it is essential that the following be understood. Firstly, few communities can anticipate

change. Secondly, there is no certainty that communities will actually increase employment by attracting new industries. Thirdly, single resource communities are most vulnerable to changes in the local economy. Fourthly, there will be increased pressure to deal with long term unemployment. Lastly, location of natural resources are not as important as specialized technology-oriented infrastructure. From this, one can assume that the capacity of the community to effect change, and the quality of support services within the community, often dictate the potential for new economic development.

Bartik and Barkley both make reference to the "Attraction model" This is a strategy which encourages innovative approaches to attract local economic development. The attraction may consist of infrastructure, human resources or locational attributes. These are included in the preparation and implementation of a strategy for a specific area. An example of the strategic approach would include the development of a short term training program which has a long term benefit to the community. 11. Johnson and Cochrane identified a need to plan for economic development strategies, as in most instances local authorities are simply reacting to external stimuli.

The community economic development model is a non-traditional approach which utilizes strategic thinking and planning. The formulation of a plan of action emerges from a community consultation, and involves an organization or partnership of interest groups, which sets out the goals, objectives and responsibilities of the various partners. It needs to be understood that a strategic planning approach to community economic development requires a long term perspective and partnership of numerous and sometimes conflicting interests.

The following Table No. 1, provides a comparison of the major issues which I have identified relating to the two major theoretical approach to economic development initiatives.

Table No. 1

Comparison of Traditional and Non-traditional Approaches  
To Economic Development

<u>Issue</u>	<u>Traditional</u>	<u>Non-traditional</u>
1. Primary Objective:	- efficient use of scarce resources for individual or corporate benefits.	- use of community resources for community benefit.
2. Secondary Effects:	- the community benefits indirectly through spinoffs of employment.	-the community benefits directly through the development of sustainable businesses.
3. Problem Identification:	- concentrates on person problems such as disadvantaged minorities, or urban/rural poor.	-concentrates on the factors which create person problems such as lack of skills or lack of education.
4. Government Influence:	-assumes the Nation has the ability to influence the Market.	-recognizes the importance of government to encourage diversity of the local economy.
5. Intervention Orientation:	-bricks and mortar orientation to attract new industrial development -utilizes incentives to businesses to create employment opportunities.	-focuses upon human capacity development.  - utilizes capacity building to support existing businesses.
6. Planning Orientation:	-relies upon rational planning approach.	-relies upon community based strategic planning approach.

### 3. Examples of Government Involvement in Economic Development

The two major theories explaining why local government, or any governments, undertake economic development initiatives was reviewed under the prior sections of this paper. To a great extent the theoretical approaches to this subject influence what is considered the proper role for governments.

The traditional approaches which rely upon a neo-classical economic theory, will for the most part see little if any involvement of government in the free market. The non-traditional approaches which rely upon a community economic development orientation propose that local government does indeed have a role in bettering the community.

It is my view that in contemporary society there is a proper role for local government in local economic development. The degree of involvement will depend upon the socio-economic circumstances facing the community, and will also vary depending upon these circumstances.

Blakley , based upon his research, states that the local government objective should be to provide the neighbourhood, locality and the region with greater capacity to determine it's own destiny. He also states that the principle goals should be to develop local employment opportunities in sectors that improve the community using human, natural and institutional resources. By improving these resources, the community will be better able to respond to forces of economic change. Blakely notes that these forces of change do not respect national, regional or local political boundaries. This approach recognizes that the local interest may not necessarily be considered in the development of provincial or national economic development policies. As a

result, a local perspective is required which considers local needs.

Blakely also sees a role for local government in the planning process of formulating courses of action for socio-economic change. He states that local economic development is process oriented and should focus on the formation of new institutions; the development of alternative industries; the betterment of capacity of existing businesses; the identification of markets; and the transfer of knowledge and nurturing of new firms.

My own experience as a professional in the community development field has indicated to me that quite often Planners are often too process oriented and not sufficiently action oriented. Often this leads to a narrowed thinking, limited investigation of possible alternatives, and a tendency toward developing the "ideal" Plan at the expense of action. However, I do agree however, that some thoughtful discussion of objectives, alternatives, and possible actions to achieve these is of considerable merit. I do not believe that the planned economy approach of certain socialist countries is an appropriate concept to planning for economic development. There is not sufficient flexibility in the planned economy approaches to deal effectively with changes in the Market. I can accept that a strategic planning approach to economic development can be a useful tool to practitioners, and does provide some needed flexibility. On the other hand my own experience has shown that the formal rational planning logic is often too restrictive for the demands of local economic development.

In the area of planning policy, regulation and process, I feel that the local government does have a definite role to play. Land use planning directions which allocate land needs, services and potential uses in a co-ordinated manner can greatly assist in creating a physical

environment for development purposes. In addition, businesses do tend to favour communities which have a social planning record. However, I do not feel that this is the most determinative consideration of businesses in making location decisions.

The role of government in economic development will also be determined by the legislative basis which underpins their actions. The policies of central or local governments should be based upon enabling legislation. This ensures that there is consistency, uniformity and accountability of the public policies and resources over time. Lately many of the programs being developed by the national and provincial governments require a public and private partnership to access funding. This approach to program design can be very useful in ensuring a buy-in by the businesses community. This private sector involvement can instill a sense of entrepreneurship into government programs, which can benefit from this perspective.

Bartik noted that governments in the U.S., tend to focus on programs which have a broad application. As noted earlier, I feel that these programs are often not focused sufficiently to be of most effect in local applications. The assumption behind Bartiks' reasoning is also that these programs would be of greater benefit to the local communities if they were designed to address specific local problems as opposed to being of general application. I can agree with Bartik on this point. In rural areas we often see federal or provincial programs which promote computer skills or Internet capability as a solution to local employment. However, these programs are very general and do not have a local application as a focus of the training. Hence the residents learn general skills, but not specific ones which will ensure local employment.

The British and German experiences in local economic development were the subject of

study by Johnson and Cochran. They found that until recently in Britain, governments have had little involvement in local economic development initiatives. They also found the opposite was true in Germany, where local governments have historically had an active role in economic development. This can be partially attributed to the fact that in Britain, there has historically been no specific legislative basis for local economic development initiatives. The opposite is the case in Germany where there is general and specific legislation at the local level to support local economic development initiatives.

Johnson and Cochran did identify some common and consistent actions in both Britain and Germany. These include:

- actions to facilitate industrial expansion;
- employment opportunities;
- infrastructure improvements for industry or businesses.

These common actions by governments in these countries is indicative of a desire by governments to provide subsidies to businesses to encourage economic growth. These subsidies are offered by governments irregardless of political ideology. However the research did indicate that in Britain, the economic development initiatives are generally undertaken by the central government. In Germany however, the local governments tend to be the focus of such initiatives.

The issue of central or local government involvement in economic development is a major consideration in the design and implementation of these initiatives. This is due in part in recognition that it is difficult, or impossible, to define or delineate a local economy. The economic elements which create an economy do not operate on the basis of local geo-political

boundaries. As a result the development of policies intended for a specific economic area can be problematic. An example would be the development of large scale industrial development programs by a central government. Such programs may only be accessible to large business interests. If on the other hand, the local economy is comprised of small businesses, then these local businesses may not be able to access the central government programs. As a result, the local economy would have no direct benefit from this type of program. The only benefit may be those of an indirect nature which result from spin-offs which ultimately may or many not, benefit the small business of the local economy.

In Britain, the central governments have tended to view the local governments as a mechanism to implement central government policies and programs. The central governments in Britain have also tended to focus on economic development program of a macro-scale. The local governments in Britain have tended to focus on land use planning to encourage industrial and commercial growth within a regional community. In Britain, there has been a recognition that the traditional planning approaches do not offer sufficient flexibility to promote local economic development. As a result there has been a shift toward strategic planning which includes economic development objectives at a regional scale. Specific legislation was subsequently introduced in Britain to support these initiatives (Local Authorities Act, 1963, 1972).

The German example, indicates that the post World War II policies of the central government stressed an emphasis on developing a sustainable market economy. As a result, many local programs in Germany were oriented toward encouraging patterns of growth and industrial development operating under market conditions. This approach resulted in a direct tie

to the local economic conditions of an area. In the German experience, there is also considerable interdependence of the central and local governments in promoting economic development. This is also reflected in the legislative approach to local economic development in Germany as discussed previously. As a result, in Germany, the central governments tend to focus upon planning and control of programs over a large area. The local governments tend to focus on actual active initiatives such as social and infrastructure improvements.

In addition, the German example identified some specific activities undertaken by local governments. These include:

- information on business site availability;
- financial incentives; and
- promotion and marketing initiatives.

Providing information on local circumstances and advice on development requirements was identified by local governments as being of particular importance. In Germany the costs of undertaking these initiatives tends to be financed from the local business tax. In Britain, the costs of such initiatives are financed from the general property tax base. These two financing approaches are reflective of the differing orientation to economic development of the governments in the two countries. The orientation in Britain has been to attracting new large scale industries. In Germany the orientation has been to support existing and small businesses.

From my own experience, I have found that the probability of success in economic development is greatest when programs are oriented toward increasing employment of existing businesses. In most instances, in my experience, this has occurred with small and medium sized businesses. Often success of these programs with small business results from the fact that the

local actions are based upon local knowledge, and an understanding of the local small business environment.

In both Germany and Britain, there is a recognition of the need for some degree of planning in the economic development function of government. The nature and degree of planning however does vary between the two countries. There also is a tendency toward professionalism and specialization in the area of economic development in both Britain and Germany. In addition, both countries do have a tendency toward strategic thinking and strategic planning for economic development, with a shift from economic regulation to education and employment initiatives. The research has indicated that in both countries these programs will be administered by local committees composed of political and non-political representatives. This is indicative of the keen interest by the politician in both countries for control of the economic development function, with the committees generally providing a facilitative role.

Levy states that economic development initiatives in the U.S., are undertaken to create jobs and to reduce unemployment. He observed that people are not as mobile as capital, and hence adjust much more slowly to changes in the local economy. In addition, changes in the economy have varying degrees of impact across socio-economic groups. Variables such as age, income and level of education, will result in varying degrees of impact upon the population due to changing economic circumstances.

As a means of reducing the negative impacts of the changing economy, Levy proposes that a thrust toward diversification of the local economy is needed. This thrust to diversity will reduce unemployment, create new businesses and will increase low wage rates to satisfactory

levels. Levy also proposed that diversification will be attractive to the existing business community as new and expanding market opportunities may be realized. Hence, the diversification theme has the support of many interests as they foresee some opportunity for them in this.

Given the multi-interest aspect of economic development, political interests tend to view these as a means to acquire broad based political support. As a result, governments will tend to support these activities for political advantage. Consequently, Levy found that economic development agencies tend to be closely aligned with governments. In his research in the U.S., Levy found that this political interest to local economic development can result in intermunicipal, interregional, and interstate competition for business. Often businesses exploit this competition as a means of reducing their production costs, and to become more profitable.

Levy did however identify some characteristics from his U.S. research which he felt were desirable for agencies in economic development. These include:

- be pro-business in perspective;
- need to respond quickly;
- enable access to government;
- possess technical ability;
- need to be trustworthy; and
- ability to accept risk.

Levy also noted that these agencies could be public agencies, semi-public agencies, public/private enterprises, or private groups.

My own thoughts on this are in some respects similar to Levy. I do have concerns as to how the interests of the public can be properly addressed by private business interests. Clearly there are common interests which are shared by the public and private business sectors. Examples include increased employment, increased assessment base, and efficient use of local resources. However, when one considers the public interests of equity and wealth redistribution, the private sector interests may not coincide with these public interests. Consequently, the private sector cannot and should not, be expected to fulfill all the interests of the public sector. On the other hand, the public sector may not be well positioned to deal with private sector interests such as profit maximization or optimum return on investment. Inherent in such private sector objectives is the need to be entrepreneurial and a willingness to undertake calculated risk. A bureaucratic public agency is not organized to function in this type of environment. The public agency will tend to be democratic in operation, and will be influenced by political considerations. Inherent in programs which promote equality is a certain level of inefficiency. A balance is required in my mind in regard to what level of equality society is willing to accept, and what level of inefficiency society is also willing to accept in attaining this level of equality.

Levy also noted that what is common to both public and private economic development agencies in the U.S., is the need to address the public relations side of the initiatives, and the need to undertake promotion. From a regional perspective, the promotion activities tend to focus on community profiles, information on infrastructure, employment information and information on local regulations. Government agencies in the U.S. also tend to focus on quality of life issues to attract new businesses. Often this type of community-wide information is not readily available from the private sector, and therefore tends to be supplied by the public sector. Irregardless of the nature of the economic development agency, significant benefits which should

accrue from its existence should include the following:

- developing common promotional themes;
- reducing red tape; and
- facilitating access to levels of government.

A significant observation by Levy is that there needs to be a recognition in the U.S. that there are more municipalities looking for industries than there are industries looking for municipalities. Additionally, Levy states that most new employment in the U.S. has occurred within existing businesses in their existing locations. From these observations we can deduce that future employment possibilities are also likely to be the results of efforts which are aimed at supporting and promoting existing businesses within existing locations. However it also needs to be kept in mind that intermunicipal competition within a regional setting is not likely to increase employment overall, but will only serve to redistribute employment within the region. Levy refers to this as the zero sum game effect of intermunicipal competition for business.

Douglas in his examination of the Canadian context, notes that local governments in Canada often have no legislative basis to undertake economic development activities. Douglas also noted the emphasis in Canada has shifted from locality and sector initiatives, to community development and capacity building initiatives. Douglas proposes that economic development is a human pursuit which is heavily influenced by the conceptual framework of the participants. This type of approach to local economic development requires the identification of local leaders within the community to determine the issues, identify courses of action and to ensure their implementation. Such thinking by Douglas tends to reinforce the political aspect of economic development initiatives.

From my own experience with the federal government through the "Community Futures" program, I note that this program tends to support the community economic development approach by encouraging local economic development initiatives. This tends to consist of a broad based community consultation, S.W.O.T. analysis, and the development of a local/regional strategy with specific actions identified. Problems with this approach usually occur at the implementation and evaluation phases. At this point obstacles to funding and lack of hard data on proposed economic impacts, tend to reduce the momentum generated by these initiatives. Also there often is no proposed evaluation of the impacts of the initiatives in the design of the identified programs and projects.

Kitchen tends to take a totally different view than that of Douglas. Kitchen feels that government should only become involved in economic development initiatives where market distortions might otherwise exist. These situations would require that government improve the allocation of society's scarce resources, and thereby increase the level of income available to the population as a whole. Kitchen refers to this as "free gain" which occurs when it is possible to make one person better off without making someone else worse off. From this perspective according to Kitchen, government can have a role in local economic development by ensuring the allocation of "public goods" which are goods and services for the benefit of the general community. However, Kitchen noted that governments tend to oversupply such goods and as a result may not provide these in an efficient manner. Generally, Kitchen feels that programs which improve the allocation of society's scarce resources may be more appropriately undertaken by the federal or provincial governments in Canada.

I recognize that Kitchen views the Market as the most suitable mechanism to ensure the

efficient utilization of resources. However, the Market does not operate in an ideal manner, and hence market failures often result. In such instances, Kitchen also recognizes that the role of government may be required to correct for market failures. This correction for market failures would seem to be an especially critical issue in a county the size of Canada where communities are significant distances apart, and population densities outside urban areas can often be below efficient service delivery levels. As a result the access to public goods by the residents can be quite a challenge. In such instances the government has a role in correcting for Market failures, and ensuring the provision of required public goods.

12. Bird and Slack also support the proposition that the prime function of government should be the allocation of scarce resources, and especially “public goods”. They also propose that public goods should be delivered by the public sector within a defined benefit area. The proper allocation of scarce public resources in their opinion occurs when residents vote with their feet. That is, residents will vote for the politician who will agree to provide the services the voters indicate they want. As a result, residents will chose to move to those communities where the residents obtain the greatest range and highest levels of public goods. As a result, efficient provision of these services will occur.

I am not convinced that the public goods theory as presented by Bird and Slack is applicable in the Canadian context. My experience has been that residents have very little idea of the costs of providing public services, and tend to only be aware of the cost in terms of increase in their taxes. The taxpayer is often disinterested, or not sufficiently informed, to be able to compare the costs of services between municipalities. As a result the user of public goods cannot be making decisions which are reflected in an efficient use of public resources. In

addition, the circumstances of one community are often different from another community, and hence comparisons between communities can be nearly useless.

**13. Heilbroner** states that capitalism requires the dynamics of the market place for its survival. According to Heilbroner, the existence of market failures often results from the transition of small adaptable enterprises to large technologically fixed enterprises. Heilbroner notes that small businesses are more adaptable to changes in the economy than are large businesses. The needs of the large enterprise often results in large amounts of fixed costs, and increasing competition for capital to produce more goods and services to finance these fixed costs. As a result, these large enterprises are constrained in making dynamic changes to take advantage of short term opportunities in the market.

In addition, Heilbroner views the increasing interconnectedness of the national economies into a global economy as leading to worldwide competition for business. This can tend to concentrate power in fewer and fewer large multinational businesses. As a result, governments have become increasingly powerless to control or influence the market place. This may have an impact upon the provision of public goods which are not the mandate of these large multinational businesses.

In comparing Heilbroner's views to those of the Canadian context, I am not convinced that the threat of the large multinational corporation to the provision of public goods is accurate. I believe that the global economy does result in some very large scale businesses which have a high degree of interconnectedness. Additionally we have seen the creation of national and international agreements between governments to enable the free flow of goods, capital and the

resources of production. This is a process which began quite some time ago in my opinion, and has become more apparent due to technological improvements. I believe that public goods will continue to be provided irrespective of the organizational changes to businesses. Perhaps the real challenge will be in determining the new roles of government and businesses in the global market place due to the impact of globalization, and not simply a matter of dominance by the business sector of the global economy.

14. Goetz and Clarke found that there has been a fundamental restructuring of the political process in response to the pressures from global economic changes. They propose that there has been a vertical restructuring of government in regard to the relationship of central and local governments. This restructuring of governments has implications for the scope of authority of local governments to pursue local economic development initiatives. These authors propose that there are four basic roles of government in relation to the "market". These roles are as follows:

- participatory role (government acts as a "market" entity);
- facilitative role (subsidies and incentives);
- adjustive role (to provide services the "market" will not);
- regulatory role (taxes, regulations).

In reviewing these examples of government involvement in economic development, it is my opinion that there is no single role or approach for government. Clearly governments have become involved in economic development programs for varying reasons. One reason put forward a number of times was the need for government to correct for market failures. This generally occurs when public goods are demanded by the community at a quantity and price

which the private sector is unwilling, or unable, to provide. When this occurs, the government may become involved and intervene in the market by direct or indirect means. These interventions may include actions such as:

- direct provision of the goods or services;
- regulations;
- price controls;
- quality and quantity standards; and
- legislation.

Capacity building of local communities was identified earlier as another reason for government involvement in economic development. The capacity building exercise is proposed as a means of addressing problems such as unemployment, economic cycles, and social disadvantages. These capacity building exercises may be focused on the improvement of:

- human resources;
- community infrastructure;
- organizational issues; and
- a combination of the above.

Often a prime motivation of the community capacity building approaches are to obtain control of the community resources, and to move forward toward some strategic objectives for local economic benefit. My experiences with programs offered through the Human Resources Development Canada department has indicated that these are the contemporary approaches utilized by the federal government.

Another common reason identified for economic development initiatives from the examples, is that public interests can be met by a co-ordinated course of action in conjunction with private interests. This partnership of public and private interests is often cited as a mechanism to enthuse entrepreneurship into public actions. The assumption is that the business practices of the private sector will ensure a more efficient use of scarce public resources. Additionally, the public/private partnerships will encourage an exchange of knowledge within the business community and the economic development agency.

The diversification of the local economy was presented in a number of the examples as an area wherein the government can play a role. An inherent problem with this role in this approach is attempting to define what a local economy is. It may in fact be impossible to delineate the local economy precisely enough to make such programs meaningful. The reality is that local, regional, and national economies are interconnected and cannot be defined separately, and are systematic in nature. Diversification actions are generally aimed at achieving the following:

- reducing unemployment;
- creating new businesses; and
- raising wage levels.

#### **4. Bruce County Case Study - the tourism sector**

The County of Bruce, which is included within the study area, is an upper tier municipal government comprised of eight recently restructured municipalities. The population of the County is approximately 65,000 permanent residents. During the tourism season, this population will increase by 20-30,000 persons. The County is located on Lake Huron and Georgian Bay,

approximately three and one-half hours drive north-west of Toronto, and within two hours drive of Kitchener, Waterloo and Guelph. Some of the urban places in the County include Kincardine, Port Elgin, Walkerton and Tobermory.

The major economic activities of the County include agriculture, tourism and the Bruce Nuclear Power Development (BNPD), recently renamed Bruce Nuclear. The majority of the agriculture production occurs in the south and central portions of the County. The northerly portion of the County is largely tourism oriented.. The major tourism areas are associated with the Bruce Peninsula, Georgian Bay and Lake Huron coastal areas. The BNPD is located on Lake Huron north of Kincardine and south of Port Elgin, and is the single most important employer in the County. In addition many secondary employment opportunities have been created due to the economic spin-offs of the BNPD. It is estimated that forty percent of the lakeshore employment, or fifteen percent of the total County labour force, is directly or indirectly employed as a result of the BNPD.

Due to many factors including economic circumstances, financial constraints, political orientations, and concerns about the safety of nuclear technology, was a decision made by the provincial government to shutdown half of the nuclear reactors at the BNPD. This involves "mothballing" the four reactors at Generating Station "A" of the development. Most of the reactors at Station "A" require immediate retubbing if they are to be used to their design capacity for power generation. This would be a very expensive proposition somewhere in the neighbourhood of eight billion dollars. The short term result of the Provincial government's decision would be the loss of approximately 1,000 direct jobs at the site. This could translate into a total of 3,000 lost jobs directly and indirectly. The impact of these job losses will be

significant to the County in an economic and social sense.

In response to this crisis, it is imperative that alternative employment opportunities be identified for the area. This will require the development of strategies to replace jobs lost as a result of the downsizing, and to retain existing businesses. The Bruce Community Development Corporation undertook an analysis of the impacts of the downsizing and prepared a report which identified a number of actions to diversify the local economy as a means of creating new jobs. A number of these actions are focused on opportunities which rely upon the natural resources of the area. As a result, many of the actions relate to the agriculture and tourism sectors. Additionally, the report places considerable importance on the development of a local energy related industrial part known as the Bruce Energy Center. This development relies upon excess steam which is generated by the BNPD.

In terms of tourism, which is the focus of this paper, there would appear to be opportunities for enhancement of employment and new businesses relating to agri-tourism, eco-tourism and adventure tourism.

Another means of improving the County economy is to support the existing tourism sector is by encouraging the retention of existing businesses, or by incremental expansion of these existing businesses. It is proposed that this can be attained by developing unified and consistent marketing and promotion initiatives for the County. This has occurred to a certain extent by the creation of a regional marketing partnership known as "Ontario's Sunshine Coast".

The tourism industry in the County can be best described as individual small businesses operated by individual or family proprietorships, offering a diversity of tourism experiences centered upon the naturally occurring resources of the area. Tourism is the second largest employer in the County, and generates approximately 118 million dollars into the county economy in 1996.

As noted, the majority of the tourism businesses in the County are small scale, family owned businesses. These include cottage rentals, campgrounds, rustic resorts, restaurants, adventure tourism, and associated retail uses. These businesses tend to operate on a seasonal basis and employ on average less than six persons per business.

Up until the 1980's the tourism industry of the County did not have a county-wide presence. Many of the businesses had representation on the local Chamber of Commerce, or tourism associations for a particular area of the County. Membership could also be taken out with the Grey Bruce Tourism Association (GBTA) which also received funding from the Counties of Bruce and Grey and the City of Owen Sound. These groups undertook marketing and promotion on behalf of their membership, or on behalf of a specific area of the County. There was no single mandate to promote the entire tourism area of the County prior to the early 1980's.

During the late 1970's there was considerable disagreement among the political and business representatives as to the direction for the promotion of the tourism industry, and what roles groups such as the GBTA should play in promoting the larger area. This disagreement can be attributed, in part, to the fact that the Board of Directors of the GBTA was composed

primarily of political representatives who wished to see the efforts of the Association directed toward promoting the tourism industry of their respective areas. In addition, the business representatives could not agree on using the scarce resources of the association to promote the region in general. This resulted from the fact that the benefits which would result from the regional promotion would be external to the association, and not specific to the membership. As a result, disputes often revolved around what geographical areas should benefit from these promotions.

One outcome of this division within the industry and the GBTA, was that the politicians of the County of Bruce decided to establish their own Tourism Office within the Planning and Economic Development Department of the County. This occurred early in the 1980's and the new office was charged with the promotion and marketing of the County. This also involved the establishment of three tourism committees representing all the tourism area of Bruce County. These tourism committees relate to: 1. Bruce Peninsula; 2. Lake Huron Shoreline; and 3. Saugeen Country. The purpose of creating the three tourism committees was to develop a direct linkage between the tourism operators and the political representatives, and to enable some co-ordination of marketing and promotional initiatives across the County.

After the establishment of the Tourism Office, the County continued to provide funding to the GBTA. However, over time it became apparent that the GBTA could not meet the promotional expectations of the County and still meet the interests of the private membership. This served to compound the heavy political influence of the GBTA. Subsequently, the GBTA undertook an internal evaluation of its organizational structure, and mandate to address a number of these related concerns. These changes were only recently implemented in the past

few years.

In 1993-94, the top political and administrative representatives of Bruce County, Grey County, and Owen Sound undertook a comprehensive review of their tourism marketing and promotional efforts, and the relationship with the GBTA. This involved a year long review, industry consultation, questionnaire and interviews with tourism representatives. Copies of the questionnaire summary of 1994 are included in Appendix No. 1. In addition, a one day brainstorming session was held to discuss the findings of the review with industry stakeholders and politicians. This session was facilitated by staff of the Planning and Economic Development Department of the County. As a result, a new approach to regional marketing and promotion was created which relies upon the principles of participation and equity of the partners. This approach later became known as the "Ontario's Sunshine Coast" partnership.

The new regional partnership consists of staff representatives of the County of Bruce, County of Grey, City of Owen Sound, Georgian Triangle Tourism Association and the three tourism committee of Bruce County. There is little political representation on this partnership. Approximately one half of the required funds for the activities of the partnership come from private sources. Each year, an annual work program of regional marketing and promotion activities is developed by the partnership. It is required that the partners contribute to the implementation of the work program based upon their areas of interests. That is, a partner may not wish to access all travel or trade shows included in the work program, but may be interested in certain publications or advertisements. This approach provides some needed flexibility to addressing the needs of each partner. In many instances an in-kind contribution such as manning of a travel booth will suffice as a partner contribution. In other cases, an equal or proportionate

share of the expenses will be required. This approach has had the effect of reducing the overall costs of marketing and promoting the area, and enabled more innovation in the specific marketing and promotional initiatives. As a result, the County of Bruce and other municipalities, no longer provide annual funding grants to the GBTA.

To assist in understanding the differences between the GBTA approach and the Ontario's Sunshine Coast (OSC) approach, the following Table No. 2 illustrates the major organizational elements of each organization.

Table No. 2, Organizational Elements

<u>Organizational Element</u>	<u>GBTA Approach</u>	<u>O.S.C. Approach</u>
1. Strategic Focus	-promotion of membership interests.	-marketing and promotion of the regional area.
2. Major Activities	-operation of information center. -preparation of annual Guidebook.	-operation of in excess of 16 information centers. -preparation of annual Guidebooks for all tourism areas in partnership. -development and implementation of annual marketing/ promotional work program.
3. Structure	-formal Board of Directors.	-informal partnership of tourism operators and staff.
4. Staffing	-three full time.	-ten full time. Numerous volunteers from tourism committees.

The net effect of the new regional marketing partnership is also evident in the annual work plan which enables the tourism industry to reduce their marketing and promotion costs, and also have accessibility to a broader range of marketing and promotion activities. Appendix No. 2 contains updated questionnaire responses based upon the original 1994 questionnaire. An analysis of the 1999 responses indicates the following:

- increased support for the tourism industry in the County;
- increased support for the County to undertake promotions;
- no increase in the perceived co-ordination of promotions;
- no increase in communications between the County and the Tourism Committees;
- decreased duplication of efforts;
- decreased support for the role of the GBTA to promote the area;
- increased support for the County to externally promote the area, and to deal with changes in the industry.

These findings, although limited, seem to indicate support for the non-traditional approaches being used by the County in the "Ontario's Sunshine Coast". Although the responses are not all inclusive, and are open to bias, do indicate that the industry supports a role for the government in ensuring the local industry is marketed and promoted in a regional context.

As noted previously by a number of the authors, there is very little evaluation of economic development program in general. The subject area is no exception, there is very little empirical data on the promotion programs. As a result, there is very little specific information to

assist in determining the efficiency or effectiveness of these programs within the area.

Additionally since there is no competitive market to undertake regional promotional and marketing for the study area, it may not be possible to undertake such an analysis.

To further assist in understanding the changes which have occurred in the case study, Table No. 3 illustrates the differences between the GBTA and the "Ontario's Sunshine Coast" models from the perspective of the traditional and non-traditional approaches. I has assigned to each entity, the appropriate approach (traditional or non-traditional) characteristics based upon the issues from Table No.1. This Table No.3, illustrates that both entities have traditional and non-traditional characteristics.

Table No. 3, Comparison of Economic Development Characteristics

Issue:	Grey-Bruce Tourism Assoc.		"Ontario's Sunshine Coast	
	<u>Traditional</u>	<u>Non-traditional</u>	<u>Traditional</u>	<u>Non-traditional</u>
<u>1. Primary Objective:</u>				
a) efficient use of scarce resources for individual or corporate benefit.	*	—		
b) Use of community resources for community benefit.	—	—	—	—
			—	*
<u>2. Secondary Effects:</u>				
a) the community benefits indirectly from spinoffs of employment.	*	—	*	—
b) the community benefits directly through the development of sustainable businesses.	—	*		
			—	—
<u>3. Problem Identification:</u>				
a) concentrates on person problems.	—	—		
b) concentrates on factors			—	—

Table No. 3 (Continued) Comparison of Economic Development Characteristics

Issue:	Grey-Bruce Tourism Assoc.		"Ontario's Sunshine Coast"	
	<u>Traditional</u>	<u>Non-traditional</u>	<u>Traditional</u>	<u>Non-traditional</u>
<b>5. <u>Intervention Orientation:</u></b>				
a) bricks and mortar.	—	—	—	—
b) use of incentives for employment.	—	—	—	—
c) focus on human capacity development	—	—	—	—
d) utilize capacity building to support existing businesses.	—	—	—	—
<b>6. <u>Planning Orientation:</u></b>				
a) relies upon rational comprehensive planning.	*	—	—	—
b) relies upon a community based strategic planning approach.	—	—	—	*

What Table No.3 also shows is that the GBTA exhibits more traditional characteristics than non-traditional characteristics. In addition, the GBTA is more traditionally oriented than the "Ontario's Sunshine Coast" entity. The OSC is also relatively more non-traditional than the GBTA. This seems to indicate, when combined with the findings from Appendix No. 2, is that in the case study the non-traditional approach has been relatively more successful at regional promotion and marketing than the traditional approach.

#### 5. Regional Tourism Perspective - "Ontario's Sunshine Coast"

Due to significant demographic changes and certain technological advances, there is a need for considerable change in the tourism industry at all levels. This of course does not apply only to tourism but to all businesses. Currently the most significant change is that which has resulted from global competition, and requires a complete rethinking of how local businesses can benefit from the global tourism business. This means that a businesses which once only needed to complete on a local basis is now faced with direct competition from other tourism businesses across the globe. The Canadian Tourism Commission has stated that in 1997, tourism was the fastest growing industry in the world. In addition, Canada was the ninth most popular tourism destination in the world in 1997. Tourism spending in Canada in 1997 totaled \$44 billion dollars, a growth of 5.3% over 1996. Of this total foreign visitors spent nearly \$13 billion in Canada in 1997. According to The Ontario Business Report, Ontario accounts for 37% of the

national tourism revenue, and is the destination of 44% of all foreign visitors to Canada. In terms of the provincial economy, tourism had expenditures of \$13.3 billion annually in 1998. In addition, tourism was the fifth largest export businesses with \$5.5 billion in foreign exchange. There are 235,000 direct tourism jobs, and 165,000 indirect jobs in tourism in Ontario in 1998.

The tourism industry in general in the study area, and the organizations which support the industry in the "Ontario's Sunshine Coast" area, are generally not well equipped to compete on a global scale. To do so would require considerable public and private investment in infrastructure, accommodations, human resources, and organizational matters. New approaches to marketing and promotion of the regional tourism area would also be required. These improvements are largely associated with the non-traditional approach to economic development.

As noted in the previous section, there was a recognition that co-ordinated marketing and promotion of the tourism region needed to be undertaken, and this is now being achieved in some measure. There is a lack of certain essential elements in the "Ontario's Sunshine Coast" initiative which have already been identified. In addition, there are no formal evaluative measures in place to determine what effect the regional marketing and promotion programs under this entity are having.

Questions of the efficiency or effectiveness of programs are more difficult to measure in the public sector as opposed to the private sector. As an example, it is relatively easy to show the impact of a change in product price simply by noting the change in the sales at the same time that prices are changed. This will indicate the reaction of the customer to the new price, and a direct relationship can be established. However, the change in prices across a region can be attributed

to many intervening factors, and hence the relationships are more difficult to determine. In addition, the quality of the product may be prescribed in the public situation which does not permit flexibility in terms of the nature of the product. As a result, prices may be fixed and not able to be varied based upon market conditions.

15. Beetham proposes that in the public sector, the most appropriate measure of effectiveness is determined by the co-ordination of policy across departments. As noted above, in the private sector one can more easily determine the effectiveness of pricing in a competitive market. In the public sector there is not a competitive market for the "public goods", and therefore one cannot use the same measures of efficiency as in the private sector. If one did use the co-ordination measure as identified by Beetham in the Bruce County context, then the "Ontario's Sunshine Coast" regional marketing approach does permit co-ordinated regional promotions. This would meet the effectiveness measurement of Beetham.

I believe that local economic development has the greatest benefit when a regional perspective is used. In my opinion, this perspective has been critical to the development of the regional tourism promotions of "Ontario's Sunshine Coast". In addition, the role of government in the OSC approach has been redefined to be more supportive of the tourism industry for the region, than in controlling of processes and products as was evident under the prior approach. Based upon the limited available information contained in this case study, this approach seems to be working to the Bruce County tourism area.

## 6. Implications for Regional Economic Development

The literature review indicates that there is no single right approach to undertaking local economic development initiatives. The various authors have proposed many reasons why such initiatives are undertaken at all. Some of the reasons are for personal profit or gain, while other reasons include community capacity building. Whatever the purpose, the initiatives are generally undertaken to effect some change to the local, regional, or national economic situation.

From a regional perspective the research indicates that the gain in employment in one area of a region, may result in a loss of employment in another area of the same region. This results from the fact that intermunicipal competition for employment does not necessarily result in employment increases overall. Jobs will shift from one municipality to another if profit can be realized by doing so. In such instances the regional economy has not grown at all.

Blakley noted the importance of local municipalities pursuing economic policies which enhance or facilitate local industries with international potential, and which also meet local employment needs. These types of export related businesses have the effect of adding new jobs to the regional economy. Bartik also noted in his research that state and local policies can change the local economic climate enough to make a difference to an area's growth. He proposes that in the long run the idea is to increase real earning by getting better jobs, not by replacing the same jobs which exist, or did exist.

If we accept that diversification of employment is an appropriate mechanism to improve the regional economy, we also need to accept that local structures need to be put in place at the

regional level to encourage business diversity. It is not acceptable that the past approaches be perpetuated into the future. In my mind this is one of the real benefits of the non-traditional approaches to local economic development. The non-traditional approaches encourage consideration of new solutions to local economic problems. This was obviously the case with the creation of the "Ontario's Sunshine Coast" approach which exhibits many non-traditional characteristics.

16.Friedman and Alonso propose that regional policy as a location factor is important as public and private actions will be directed by regional policy to certain locations. The certainty to regional policies will reduce the private interests concerns relating to consistent application of public policy. In the context of the regional tourism industry, I feel that there is some benefit from a consistent regional public policy. This tends to occur in the co-ordination of marketing approaches, such as common themes and design considerations. In the case study, this co-ordination of the "Ontario's Sunshine Coast" initiatives resulted in consistent annual marketing plans, co-ordinated annual work plans, and continued staffing commitments.

North in his research identified a number of major propositions for regionalism. The majority of his findings relate to the manufacturing industries. As a result, the relevance of North's propositions to this case are somewhat uncertain. However, what I feel is certain is that from North's work is that tourism can be seen as an export good, which must be consumed in the home market. This occurs when tourists come into a region or county, from other regions or countries. From this perspective I propose that tourism does in fact become an export good.

17.Tiebout questions whether exporting of goods does in fact result in regional growth. In the U.S. exports are only a small part of the national economy. Therefore the impact of exports is

relatively small. My perspective is that regional growth is beneficial, especially when generated from export products. This type of growth tends to occur by way of new enterprises, and generates new employment opportunities. I agree with Tiebout, that there is a need to concentrate on both residency and export businesses. Therefore regional policies, including those for tourism, need to focus on both domestic as well as international customers. The non-traditional approaches to economic development in my opinion, offer this required flexibility.

### 7. Conclusions

Based upon the forgoing, it would appear that the role of government in local economic development will be defined by the local community based upon its perception of the state of its economic opportunities. The significance of tourism to the regional economy of Bruce County and the "Ontario's Sunshine Coast" should not be understated. The economic impacts of the closing of a significant portion of the Bruce Nuclear development, has spurred local politicians and business leaders to look for new economic development opportunities. There are two conceptual frameworks identified in this paper for local economic development initiatives. The traditional approaches are based upon classical economic theory. The non-traditional approaches are based upon community capacity building.

The Bruce County tourism case study, indicates that the non-traditional capacity building approach, which utilizes a co-operative partnership of stakeholders, has been the chosen framework. There has been no detailed analysis or evaluation to determine what has been the impact of this change in approach. As a result, we cannot determine whether the "Ontario's Sunshine Coast" approach has been any more effective or efficient than past approaches. What

is clear is that regional co-ordination of tourism marketing and promotion initiatives has been achieved for the tourism region. The limited research also indicates that this approach has generally been more accepted by the industry than past practices. This is likely in part due to the reduced role of the politicians in the decision making of regional tourism promotions. More control has shifted to the business operators, tourism committees, and professional staff, under the "Ontario's Sunshine Coast" approach.

I conclude that there is a proper role for government in local economic development. I also believe that this role needs to be carefully circumscribed based upon the local context. The role of government as a support mechanism needs to be differentiated from the role of the politician in economic development. Politicians can serve a useful purpose as leaders in encouraging change which results in increased opportunities for local economic development. The role of the politician in the administration of projects and programs needs to be limited, and clearly understood. This will ensure a consistent approach to economic development initiatives across the economic region.

**ENDNOTES**

1. Blakley, Edward J.; Planning For Local Economic Development, Theory and Practice, 1991.
2. Bartick, Timothy J.; Who Benefits From State and Local Economic Development? 1991.
3. Conklin, David W.; Comparative Economic Systems, 1991.
4. Levy, John M.; Economic Development Programs For Cities, Counties and Towns, 1990.
5. Brian Hogwood, and Lewis Gunn; Policy Analysis For The Real World, 1984.
6. Mintzberg, Henry; The Rise and Fall of Strategic Planning, 1994.
7. Douglas, David, J.A.; Community Economic Development in Canada, Vol. 1, 1995.
8. Wolman, Harold; Local Economic Development Policy; What Explains The Divergence of Policy Analysis and Political Behaviour?, 1988.
9. North, Douglas; Location Theory and Regional Economic Growth, 1975, Regional Policy - Readings in theory and Publications, Friedman and Alonso, 1975.
10. Kitchen, Henry M; The Role of Local Governments in Economic Development, 1987.
11. Johnson, Neville and Cochran, Economic Policy - Making By Local Authorities in Britian and Western Germany, 1981.

12. Bird and Slack; Urban Public Finance in Canada, 2<sup>nd</sup> Edition, 1993.
13. Heilbroner, Robert; Twenty-First Century Capitalism, 1992.
14. Goetz and Clarke; The New Localism - Comparative Urban Politics in a Global Era, 1993.
15. Beetham, David; Bureaucracy, 1987.
16. Friedman and Alonso; Regional Policy - Readings in Theory and Publications, 1975.
17. Tiebout, Charles M.; Exports and Regional Economic Growth, Regional Policy - Readings in theory and Publications, Friedman and Alonso, 1975.

## BIBLIOGRAPHY

- Bartik, Timothy J. Who Benefits From State and Local Economic Development Practices? Upjohn Institute, 1991.
- Blakely, Edward J. Planning For Local Economic Development, Theory and Practice, Sage Publications, 1988.
- Beetham, David , Bureaucracy, University of Minnesota Press, 1987.
- Bird and Slack, Urban Public Finance in Canada, 2<sup>nd</sup> Edition, John Wiley and Sons, 1993.
- Conklin, David W., Compatative Economic Systems, Cambridge University Press, Cambridge, 1991.
- Douglas, David J.A., Community Economic Development in Canada, Volume One, 1995.
- Friedman and Alonso; Regional Policy - Readings in theory and Publications, Revised Edition of Regional Development and Planning. M.I.T. Press, 1975.
- Goetz and Clarke, The New Localism - Comparative Urban Politics in a Global Era, Sage , 1993.
- Hielbroner, Robert, Twenty-First Century Capitalism, Anasi Press, 1992.
- Hogwood and Gunn; Policy Analysis for The Real World, Oxford University Press, 1984.
- Johnson and Cochran; Economic Policy-Making By Local Authorities in Britian and Western Germany, Annen and Unwin, 1981.
- Keating, M., Local Economic Development, Policy or Politics?, University of Western Ontario, (undated).

Kitchen, Henry M.; The Role of Local Government in Economic Development, Ontario Economic Council, Discussion Paper Series, 1987.

Levy, John M.; Economic Development Programs for Cities, Counties and Towns, 2<sup>nd</sup> Edition, Praeger, 1990.

Mintzberg, Henry; The Rise and Fall of Strategic Planning, The Free Press, 1994.

North, Douglas C.; Location Theory and Regional Economic Growth; Regional Policy-Readings in Theory and Publications, Friedman and Alonso, Ch. 13, M.I.T. Press, 1975.

Tiebout, Charles M., Exports and Regional Economic Growth; Regional Policy-Readings in theory and Publications, Friedman and Alonso, Ch. 14, M.I.T. Press, 1975.

Wolman, Harold, Local Economic Development Policy; What Explains the Divergence of Policy Analysis and Political Behaviour?, (article), 1998.

APPENDIX NO. 1



QUESTION THREE: *Do you feel that this function (tourism co-ordination) is being carried out at an acceptable level?*

50% YES

50% NO

- COMMENTS: - we are striving to co-ordinate better  
- would like to see Bruce County break away from Grey Bruce Tourism Association and the Tourist Associations in both Counties; Grey County may not be happy with G.B.T.A.  
- too many groups, no co-ordination  
- each area works independently and there is frequent duplication  
- Bruce Tourism could do better if it broke away from G.B.T.A.  
- utilize expertise in better ways to reduce overlap  
- County Department is short staffed

QUESTION FOUR: *Do you feel that the above groups (Tourism Committees) have an effective say in the tourism function of the Planning and Economic Development function?*

11% YES

89% NO

- COMMENTS: - do not feel that Committees are heard at ATP  
- County Council is blind sided by tourism for the County only  
- ATP has not worked well with Tourist Committees, Sally Wright is doing a very good job  
- not aware of this relationship  
- when are they asked for input?  
- Committees have no say in the function of the Department  
- ATP does not work with the Tourism Committees  
- have yearly or bi-yearly meetings  
- ATP not interested in our activities  
- the Tourism Committees work hard, not sure if they are successful

QUESTION FIVE: *Are you happy with the communications between local tourism groups and the (County) Tourism Office?*

67% YES

33% NO

- COMMENTS: - Tourism Committees have regular meetings now  
- Communications with Sally Wright is good, not so good with G.B.T.A.  
- more county-wide planning required  
- Tourism Group to Tourism Group (Yes); Tourism Group to County (No)  
- Not bad (Tourism Office), but could improve  
- Sally Wright is excellent and hardworking; GBTA is not doing an adequate job  
- can always be improved; more direct promotion ideas from Office  
- no good communication at County Council level; Sally Wright level is okay  
- a lot of meetings, communications are tried; but not sure if successful

QUESTION SIX: *As a tourism operation do you think that there is considerable duplication between the Tourism Office (ie. guidebook, event promotion, special activities, recreation, advertising, information outlets, etc.) and the local Tourism Association?*

82% YES

18% NO

- COMMENTS: - Springmount location is excellent Tourism Drop In Centre location  
- GBTA does little to promote County now outside the Counties  
- GBTA does not attend travels shows, and do not know what their promotions are  
- truly believe Bruce County has necessary and qualified staff along with 3 areas of County to promote tourism in Bruce County  
- feel that Bruce and Grey can work together through tourism representatives  
- its apparent  
- one has no idea what the other is doing, little bit of co-ordination between groups  
- should be one organization to do promotion, existing is confusing  
- should have Sally Wright and a Grey County representative  
- need promotion literature specific to the attributes of the area  
- Tourism office does better promotion

QUESTION SEVEN: *Do you feel that the Grey-Bruce Tourism Association is a suitable vehicle to promote tourism for Bruce County?*

27% YES

73% NO

- COMMENTS:
- see comments on Question 6 vs Springmount location during last 4 years, have seen no great promotion (by GBTA); they (GBTA) are getting weaker and weaker; 4 managers in 4 years is not a good record
  - GBTA promotes our areas first, then Bruce tourism secondly
  - feels GBTA Guidebook is not a guidebook but an advertising book
  - GBTA has not been actively or enthusiastically involved in tourism in Bruce County
  - need more effort from the County
  - GBTA needs reorganization; Board members should be made up of members from Tourism Committees and Owen Sound Convention Bureau
  - GBTA has not had support in past and not likely to in future
  - GBTA Guidebook is low on information and high on advertising
  - lack of communications
  - Bruce County should promote Bruce County

QUESTION EIGHT: *Should the external promotion and representation of Bruce County Tourism occur at the County level or at the Grey-Bruce Tourism Association level?*

80% COUNTY LEVEL

20% G.B.T.A. LEVEL

- COMMENTS:
- could be joint promotion by Bruce/Owen Sound/Georgian Triangle
  - 3 Tourism Committees, plus Tourism Office, quite capable of promotion outside the County. We can co-operate with Georgian Triangle and Owen Sound
  - Bruce County has personnel and Tourism Groups to handle these political issues
  - Bruce County knows what is best for Bruce County
  - should co-ordinate with Grey County
  - GBTA should bring tourists to area; Counties should promote areas
  - Bruce County knows what is best
  - Bruce County best equipped to promote the County
  - already exists at County level

QUESTION NINE: *At what level do you feel that this type of assistance (promotion of larger issues) to County tourist operators should be provided?*

90% COUNTY LEVEL                      10% G.B.T.A. LEVEL

COMMENTS: - Sally Wright is an excellent resource person

QUESTION TEN: *Which organization do you feel will respond effectively to changes in tourism?*

80% TOURISM OFFICE                      20% G.B.T.A.

COMMENTS: - GBTA is not needed, existing groups work together  
- GBTA has recently acted as an Information Office for visitors  
- these people (Tourism Office) are more in tune with local conditions and trends of their affected areas  
- do not need GBTA  
- no reason to believe GBTA will be more efficient  
- they (GBTA) have close contacts with other Associations  
- Bruce County Tourism has superiority and higher standards in everything it does  
- better communications with the Tourism Office  
- GBTA is not stable  
- Tourism Office more effective and consistent  
- Volunteers, not paid personnel, do much of the work for tourism

QUESTION ELEVEN: *In terms of roles, what do you see as the future for:*

A) GREY BRUCE TOURISM ASSOCIATION

- Nil
- stop beating a dead horse (GBTA) has not acted its role for years; Springmount building is strategically located as a Visitor Centre
- A secondary role to Tourism Office and Tourism Associations
- none
- disband as presently exists
- GBTA should be the umbrella to bring visitors to the area
- none
- should be more aggressive
- membership should decide
- growing stronger at representing the areas

B) BRUCE COUNTY TOURISM OFFICE

- unlimited
- Bruce County Tourism can grow into a leadership role with support of three Tourism Committees; have reciprocal agreement with Owen Sound and Georgian Triangle
- should be actively endorsing problems related to distinct tourism features
- volunteers for Tourism Associations will assist
- should look after Bruce County Tourism, and work with Grey to promote each others guidebooks, etc.
- co-ordinate with like office in Grey County to promote tourism
- should promote County areas, once visitor has come to Grey-Bruce
- more co-operation with Tourism Committees and Grey County
- need to promote County more; do not get lost in shuffle with G.B.T.A.
- is already doing the things it needs to do

C) GENERAL COMMENTS

- concerned about duplication, cannot afford it
- put accent on Bruce County, and Grey/Bruce will work together
- Bruce County Tourism could move to Springmount and operate from there; why is tourism industry paying for all the rent at the Wiarton Planning Office (it isn't!)
- GBTA has not worked now or in past, difficulty getting promotional literature from GBTA
- GBTA has limited potential, and bad relations with Tourism Committees
- money better spent in Bruce County Tourism
- voluntary hours of the three Tourism Committees is very important
- why is County reluctant to release dollars for tourism promotion?
- Bruce County does superior promotion to GBTA
- local associations better understand tourism in Bruce County
- ATP needs to get to know what the Tourism Committees are doing.

APPENDIX NO. 2

JUL 29 1999

Dear Partner in Tourism:

July 7, 1999

RE: Research Project - Tourism in Bruce County

I am conducting a limited research project of the changes to the promotion of tourism in Bruce County over the past five years. This research will be used in the completion of a Master's degree in public administration from the University of Western Ontario. This research project will also be of use to the tourism industry of the County.

As you may recall in 1993-94, this department undertook a review of the promotion of tourism in the County in light of the existing organizations and roles at that time. Part of this review included a questionnaire relating to certain tourism promotion issues, and the role of the County in these activities.

I am requesting that you once again complete the enclosed questionnaire, which is the same as the 1993-94 questionnaire. Also enclosed is a comparison table for activities from 1994 to 1999. Please complete and return the enclosed to the County of Bruce Planning and Economic Development Office in Walkerton, Box 848, NOG 2VO, no later than July 30, 1999. This information will be compared to the 1993-94 results to determine what changes have occurred since the original questionnaire was completed.

In addition, I will be in touch with you in the next few weeks to assist you in the completion of the questionnaire, and to obtain some further limited information.

In the meanwhile if you have any concerns in regard to the enclosed, please feel free to contact me.

Sincerely



Malcolm McIntosh

Bruce County Questionnaire  
Tourism Directions  
July, 1999.

- Q. 1 In consideration of the importance of Tourism to the Bruce County economy, do you feel that tourism in Bruce County is given adequate support by the Planning and Economic Development Department?

Yes X No     

Comments: Obviously, the department's level of support for tourism co-ordination and promotion is directly related to the budget approved by County Council on an annual basis. From a southern perspective, it is perceived that there is more of an emphasis being placed on northern events and attractions in allocating resources to tourism promotion and development at the County level. The importance of tourism to the Bruce County is not reflected in the annual operating grants to the regional tourism associations. With a 50% reduction in grants over the past six (6) year, the regional tourism associations promoting Bruce County -- Bruce Peninsula, Lake Huron and Saugeen Country -- are expected to more with less funding.

- Q. 2 Do you feel that tourism promotion at the County level is an adequate mechanism to promote Bruce County?

Yes X No     

Comments: The County level is an adequate mechanism to promote tourism, if co-operation with the regional associations is maintained and fostered by the County Tourism Office and the department.

- Q. 3 Do you feel that this function (tourism co-ordination) is being carried out at an acceptable level?

Yes      No X

Comments: It appears that the County Tourism Office's long standing role of tourism co-ordination between the regional associations is being replaced by tourism marketing as its central role.

- Q. 4 Do you feel that the above groups (Tourism Committees) have an effective say in the tourism function of the Planning and Economic Development function?

Yes      No X

Comments: Without question, the volunteer oriented regional associations have had very little, if any say in the tourism function at the County level for the past three (3) years.

Bruce County Questionnaire  
Tourism Directions  
July, 1999.

Q. 5 Are you happy with the communications between local tourism groups and the (County) Tourism Office?

Yes \_\_\_ No X

Comments: **The current level of communications between the regional associations and the County Tourism Office is inadequate for our purposes. This may be a direct result of the perceived change in role from tourism co-ordination to tourism marketing.**

Q. 6 As a tourism operation do you think that there is considerable duplication between the Tourism Office (i.e. guidebook, event promotion, special activities, recreation, advertising, information outlets, etc.) and the local Tourism Association? (GBT A)

Yes \_\_\_ No X

Comments: **In not having received an annual operating grant from Bruce and Grey Counties for the past decade, the GBTA's role as a player in promoting regional tourism was reduced to serving its paid membership and to operating an information centre. The responsibility for tourism promotion and development at the County level became the domain of the County Tourism Office and the three (3) established regional associations in Bruce County. Due to the diversity of tourism initiatives at the County and regional levels, there has been very little duplication between the County Tourism Office and regional tourism associations.**

Q. 7 Do you feel that the Grey-Bruce Tourism Association is a suitable vehicle to promote tourism for Bruce County?

Yes \_\_\_ No X

Comments: **Questions 7 to 10 are not applicable because Bruce County Council decided in 1989 that the GBTA was no longer a suitable vehicle to promote tourism at the County level.**

Q. 8 Should the external promotion and representation of Bruce County Tourism occur at the County level or at the Grey-Bruce level?

County Level X GBTA Level \_\_\_

Comments: **Not applicable**

Q. 9 At what level do you feel that this type of assistance (promotion of larger issues) to County tourism operators should be provided?

County Level X GBTA Level \_\_\_

Comments: **Not applicable**

Bruce County Questionnaire  
 Tourism Directions  
 July, 1999.

Q. 10 Which organization do you feel will respond effectively to changes in tourism?

County Level  X  GBTA Level      

Comments: **Not applicable**

Q. 11 In terms of roles, what do you see as the future for:

- A) Grey Bruce Tourism Association: **Southern Ontario Tourism Association (SOTA) membership**
- B) Bruce County Tourism Office: **tourism co-ordination and marketing**
- C) General Comments: **If the GBTA joins SOTA next year, it is anticipated that the role of regional tourism associations will be expanded at the grass roots level in promoting tourism within and beyond Bruce County.**

Promotional Activities 1994 to 1999  
Comparison Table

<u>Activity</u>	<u>1994</u>		<u>1999</u>	
	<u>Number</u>	<u>Cost</u>	<u>Number</u>	<u>Cost</u>
1. Travel/Trade shows:				
a) local	0	\$ 0	0	\$ 0
b) regional	2	2,000	2	2,000
c) other (Ont. & U.S.)	4	6,000	4	6,000
2. Publications:				
a) local	0	\$ 0	0	\$ 0
b) regional	3	23,000	4	38,000
c) other	0	0	0	0
3. Advertisements				
a) local	0	\$ 0	0	\$ 0
b) regional	3	5,000	2	5,000
c) other	1	1,000	2	3,000

General Comments: **For the purpose of clarification, it should be recognized that the promotional activities breakdown in categories 2 and 3 may overlap each other. For example: publications may be considered as advertisements and advertisements may be contained in publications.**

Dear Partner in Tourism:

July 7, 1999

RE: Research Project - Tourism in Bruce County

I am conducting a limited research project of the changes to the promotion of tourism in Bruce County over the past five years. This research will be used in the completion of a Master's degree in public administration from the University of Western Ontario. This research project will also be of use to the tourism industry of the County.

As you may recall in 1993-94, this department undertook a review of the promotion of tourism in the County in light of the existing organizations and roles at that time. Part of this review included a questionnaire relating to certain tourism promotion issues, and the role of the County in these activities.

I am requesting that you once again complete the enclosed questionnaire, which is the same as the 1993-94 questionnaire. Also enclosed is a comparison table for activities from 1994 to 1999. Please complete and return the enclosed to the County of Bruce Planning and Economic Development Office in Walkerton, Box 848, NOG 2VO, no later than July 30, 1999. This information will be compared to the 1993-94 results to determine what changes have occurred since the original questionnaire was completed.

In addition, I will be in touch with you in the next few weeks to assist you in the completion of the questionnaire, and to obtain some further limited information.

In the meanwhile if you have any concerns in regard to the enclosed, please feel free to contact me.

Sincerely

Malcolm McIntosh

Post-It Fax Note	7671	Date	06/08/99	# of pages	4
To	David Kemp Weach		From	Malcolm McIntosh	
Co./Dept.			Co.		
Phone #			Phone #	881-1782	
Fax #	353-4406		Fax #	881-1619	

Bruce County Questionnaire  
Tourism Directions  
July, 1999.

Q. 1 In consideration of the importance of Tourism to the Bruce County economy, do you feel that tourism in Bruce County is given adequate support by the Planning and Economic Development Department?

Yes \_\_\_ No

Comments:

TOURISM SHOULD HAVE ITS OWN DEPARTMENT.

Q. 2 Do you feel that the tourism promotion at the County level is an adequate mechanism to promote Bruce County?

Yes  No \_\_\_

Comments: ALONG WITH OTHER PARTNERS (MAGAZINE COMPANIES, LOCAL CHAMBERS OF COMMERCE, FEDERAL GOV ETC)

Q. 3 Do you feel that this function (tourism co-ordination) is being carried out at an acceptable level?

Yes  No \_\_\_

Comments:

Q. 4 Do you feel that the above groups (Tourism Committees) have an effective say in the tourism function of the Planning and Economic Development function?

Yes  No \_\_\_

Comments:

Q. 5 Are you happy with the communications between local tourism groups and the (County) Tourism Office?

Yes  No \_\_\_

Comments:

Q. 6 As a tourism operation do you think that there is considerable duplication between the Tourism Office (i.e. guidebook, event promotion, special activities, recreation, advertising, information outlets, etc.) And the local Tourism Association?(GBTA).

Yes  No

Comments:

Q. 7 Do you feel that the Grey-Bruce Tourism Association is a suitable vehicle to promote tourism for Bruce County?

Yes  No

Comments: NOT AT GBTA'S PRESENT STAFFING. G.B.T.A. DOES NOT DO ALL ASPECTS OF PROMOTION.

Q. 8 Should the external promotion and representation of Bruce County Tourism occur at the County level or at the Grey-Bruce level?

County Level  GBTA Level

Comments:

Q. 9 At what level do you feel that this type of assistance (promotion of larger issues) to County tourist operators should be provided?

County Level  GBTA Level

Comments:

Q.10 Which organization do you feel will respond effectively to changes in tourism?

County Level  GBTA Level

Comments:

Q.11 In terms of roles, what do you see as the future for:

A) Grey Bruce Tourism Association: SOBLY WELCOME

B) Bruce County Tourism Office DETERMINE WITH UPPER TIER GOV'S

C) General Comments BC T.O. SHOULD BE THE WAVE FOR ALL OF

Comments: BRUCE COUNTY

Promotional Activities 1994 to 1999  
Comparison Table

	<u>1994</u>		<u>1999</u>	
<u>Activity</u>	<u>Number</u>	<u>Cost</u>	<u>Number</u>	<u>Cost</u>
1. Travel/Trade shows :				
a) local	_____	_____	_____	_____
b) regional	_____	_____	_____	_____
c) other	_____	_____	_____	_____
2. Publications:				
a) local	_____	_____	_____	_____
b) regional	_____	_____	_____	_____
c) other	_____	_____	_____	_____
3. Advertisements:				
a) local	_____	_____	_____	_____
b) regional	_____	_____	_____	_____
c) other	_____	_____	_____	_____

General Comments:

---



---



---



---