

**Toward an Economic Development Strategy for
The County of Middlesex**

MPA Research Report

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Toward an Economic Development Strategy for the County of Middlesex

Introduction

The County of Middlesex adopted a strategic plan in January 1994 in order to set a new direction for a County that was ravaged by a large annexation of lands by the City of London. That annexation dissolved the Town of Westminster, which was part of the County and removed 25 percent of the County's assessment base. Two of the objectives of the Strategic Plan include developing a comprehensive County Official Plan and a Economic Development Strategy. As part of an implementation plan, a Director of Planning and Economic Development was hired in 1995 to help fulfill these objectives. The Official Plan includes taking a more active role in land use planning in an effort to co-ordinate planning across the County. In this respect the County is nearing completion of its first comprehensive Official Plan. With regard to an economic development strategy, the goal is to provide an enabling environment to foster the positive conditions required to attract new businesses and jobs. However, before the County can determine what such strategy should be, a position paper is required. This position paper will be a starting point through which a County Economic Development Strategy can be developed. This is what my interest is in this research paper ; to provide that position paper.

The Emergence of the Issue or Opportunity

Rural areas are being de-populated, vacancies on "Main Street" are increasing, branch plants are closing and jobs are being lost. These are some of the signals that are leading to growing uncertainty and speculation as to the causes. Some say there is nothing small

communities can do. Government "red tape" and bureaucratic rules and regulations are seen as impediments to new development. The public have taken a cynical view of government for turning their backs on small towns and rural communities. In addition, the "Harris Government" has cut funding to municipalities which will force communities to fend for themselves. Local politicians and business leaders can point fingers at government for not protecting Canada's economy and at multi-national corporations for replacing Canadian jobs with lower paid jobs in third world countries; or they can turn the problem into an opportunity for their community.

Economic development goals and objectives can be mixed and this mixture of personal, interest group and political preference for action can lead to a very complex environment. Through all of this there needs to be a focus for action. Without it, there is potential for waste, frustration and misdirection. The County of Middlesex could help in providing an economic development strategy for its 21 constituent municipalities. The County's regional focus and its ability to deal with cross-boundary servicing issues and foster local organisations will help reduce the conflicts between municipalities.

The central issue for any economic development initiative is job creation and retention. Without meaningful work and appropriate wages, the economy will flounder. *"Job creation is the primary goal for all direct economic development policies, traditional or new wave, from the perspective of politicians and voters."*¹

¹ Bartik, Timothy J., *Who Benefits from State and Local Economic Development Policies*, W.E. Upjohn Institute for Employment Research, Kalamazoo, Michigan 1991

The County System of Government - Background

Counties were established under the Baldwin Act of 1849 and their political function has not changed to any great extent since then. At one time Counties operated court houses, jails, land registry offices, property assessment, and poor farms. (which provided accommodation for the elderly and indigent) These poor farms evolved into Homes for the Aged for which Counties are still required to provide, by law. The Province of Ontario took over authority for the Courts, land registry and assessment. However, Counties are still responsible for maintaining a County road system, administering social services, libraries, sharing the costs of Health Units, Children's Aid Societies and more recently, land use planning and economic development. (With the recent "Megaweek" announcements, Counties will be taking on increased responsibilities including: social housing, land ambulances, public health and property assessment.)

The Baldwin Act has remained the blueprint for local government for a century and a half. It has been amended progressively to meet the needs of changing times. By the 1950's both the provincial and local government realized the need for new solutions because there was a rapid increase in demand for services after the Second World War. The inability of small local units to deal with the demands for new and better roads, sewers, piped water, schools, libraries, social services and waste management led to frequent annexations, competition for assessment and uncoordinated land and resource planning. The ad hoc approach to new development prompted the "Robarts Government" to prepare a document entitled "Design for Development" which led to the creation of Regional Governments from 1969 to 1975. They were a controversial innovation in local government and the remaining 27 Counties resisted the province's push for regional government by initiating their own "self-study" analyses of structure and services.

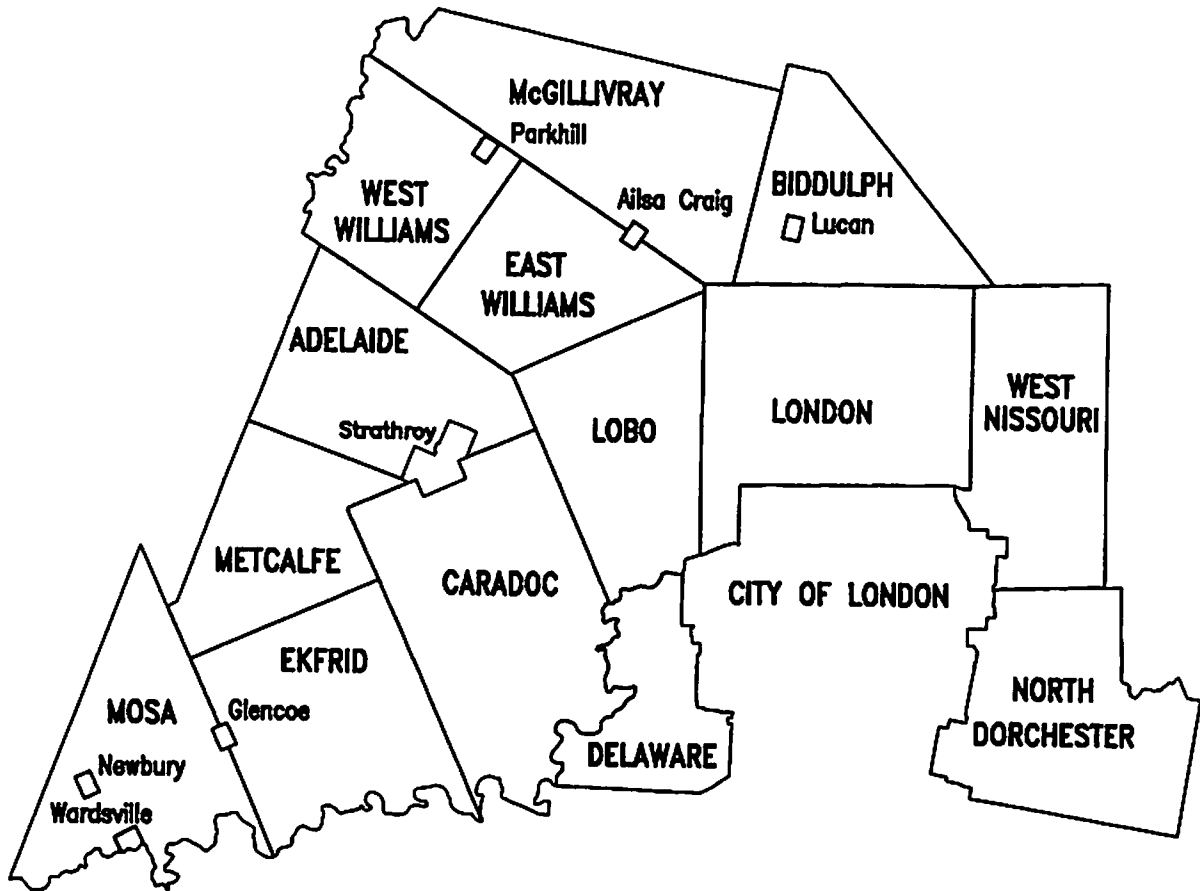
It was at this time that a number of county-wide services were established such as social services, land use planning, building inspection and economic development.

Middlesex County is a federation of 21 local municipalities with a total population of approximately 63,000. Local municipal populations range from 400 in the Villages Wardsville and Newbury to 11,000 in the Town of Strathroy. The largest and most developed municipalities ring the City of London. (see Map 1) County Council is comprised of Reeves and Deputy Reeves which are directly elected to local municipal councils and indirectly elected to County Council. The head of County Council is the Warden who is elected from within its membership. In Middlesex there are 27 County Councillors. The large number of elected officials representing a relatively small population is an historical, representation trait that has remained for many years. As well, the fact that all County Councillors are indirectly elected adds a sense of parochialism to all decision-making processes.

Ontario's 26 counties (Oxford County was restructured in 1975) cover all of rural southern Ontario, with a total population of about 2 million in some 484 local municipalities. Most counties do not include the 17 cities that lie within their geographic boundaries and which are separated from the county system, operating as single tier municipalities. (This includes the City of London which is separated from Middlesex County even though it is geographically located within the County's boundaries.)

Some of Ontario's most viable counties have gradually taken on a wide range of responsibilities including: land use planning, economic development, waste management, recreation and cultural services. This was a result of political will and the leadership abilities of its elected members. Some Counties have evolved to take on additional

MAP 1
COUNTY OF MIDDLESEX



responsibilities and others have not. In 1989 a county restructuring program was established that resulted in 10 reviews by individual County Councils. Only Simcoe County carried through on its study and lobbied the province to implement a restructuring plan.

While communities within counties have evolved over the past 150 years, adjustments that reflect this evolution have lagged badly, creating taxation and representation inequities, boundary disputes, competition for assessment, poor planning and lack of adequate servicing among County municipalities and between counties and separated cities. The situation has been exacerbated by the ad hoc annexation of lands by separated cities on a periodic basis which has eroded the county assessment base and inhibited the sharing of expertise and the efficiencies of area-wide service delivery.

*"This obstacle is the "petrification" of the social fabric and of mentalities, shaped until they conformed to the context of economic deterioration, which became the expression of certain resignation, even abdication, in the face of the extent of the problem and the effort that would be required to find solutions."*²

This "wait-and-see" attitude found in many small municipalities is a faint hope that economic investment will materialize from outside the community and/or the provincial and federal governments will bail local municipalities out of financial trouble. After all, how many municipalities have gone bankrupt?

² Douglas, David J.A., *Community Economic Development in Canada - Volume Two*, McGraw-Hill Ryerson, Toronto 1994

Without fixing the representation and taxation problems of many county governments, there is concern over assigning them additional responsibilities. *"Yet a strong upper-tier federation is urgently needed to cope with area-wide economic, environmental and social issues and new responsibilities being devolved from the Province."*³ The "Who Does What Panel" which was established by the "Harris Government" in May, 1996 was given a mandate to sift through all the services and programs provided by both the provincial and local governments and to allocate the appropriate services to the appropriate level of government. In one of the reports issued by this panel, a vision for counties was provided that included the following suggestions:

- i) A stronger two-tier county system with fewer, stronger lower-tier municipalities capable of funding and delivering services.
- ii) A directly-elected county council that includes cities and separated towns (however, London is too large to fit comfortably; an appropriate cost sharing arrangement should be established instead.)
- iii) A two-tier structure will remain appropriate for most of Ontario's rural areas for some time to come. (Oxford County is probably the best example of a two-tiered, restructured County.)⁴

³ "Who Does What Panel", *Local Governance Report*, December 1996

⁴ Ibid

Economic Development - The Big Picture

The global economy has had an effect on the Canadian economy. For the less skilled worker it has caused job losses and great difficulty in finding other work requiring the same skill sets. Invariably, adult workers who have been displaced from their occupations are required to retrain for different types of work. In some cases the new type of work does not pay as much as the previous job. This situation causes two very serious problems for Canadian workers. It places extreme pressures and stress on adult workers and their families, who must now regroup at mid-life and change directions having never achieved their career goals, and secondly; young people entering the work force are competing with surplussed adult workers for lower paying jobs. Many of the young people, especially those with limited education, are facing the possibility of only working on a part-time basis, (many refer to these as "McJobs") and having to rely on family for support.

NAFTA has removed a substantial number of automotive-related jobs from southern Ontario. The large auto manufacturers have moved many of their auto parts plants to Mexico to take advantage of the low labour costs. The GATT negotiations have raised the awareness of farmers in this Country, in that they are actively competing in the global economy. *"What was once distant and relatively unconnected to the daily business of life in Canadian communities has penetrated the community's world and directly influences its livelihood choices, its quality of life and, indeed, its viability."*⁵

⁵Douglas, David J.A., *Community Economic Development in Canada - Volume One*, McGraw-Hill Ryerson, Toronto 1994

"The future can be taken into account in three basic ways: 1. preparing for the inevitable, 2. pre-empting the undesirable, 3. controlling the controllable."⁶

i) The Regional Picture

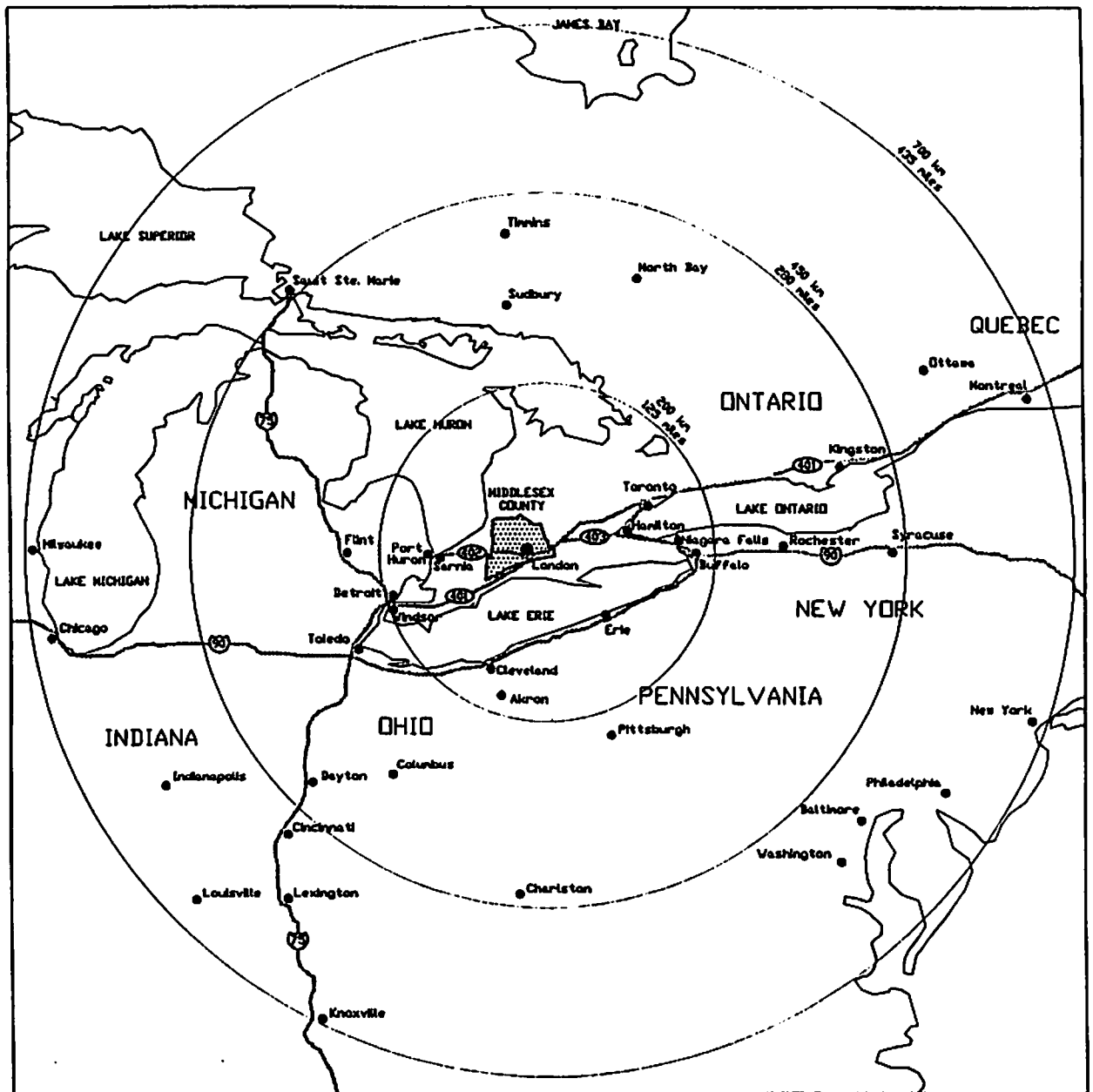
The London-Middlesex area from a regional perspective is located in an advantageous position half way between Toronto and Detroit and equal distant to Montreal, Chicago , New York and Knoxville Tennessee. This area constitutes the largest market area in North America which is linked very well by road, rail , air and to a large extent by water. (see Map 2)

The County of Middlesex includes, geographically, the City of London within its borders. However, London is a separated City and does not take part in County Government nor is a contributor to County services except for boundary-related services such as roads and in some areas it supplies piped water. In 1854 , Lord Elgin , the Governor, proclaimed London to be a City and so it was separated from the rest of Middlesex County which was established by the Baldwin Act of 1849.

The City of London, which is located in the center of Middlesex County, has exerted an overwhelming influence over the rural area that surrounds it. Today the City of London has a population of approximately 330,000 and constitutes the largest urban agglomeration west of the Greater Toronto Area. In contrast, the County of Middlesex contains a population of 63,000 which is distributed across 21 urban and rural

⁶Mintzberg, Henry, *The Rise and Fall of Strategic Planning*, The Free Press, New York 1994 p. 17

MAP 2
COUNTY OF MIDDLESEX
REGIONAL LOCATION



municipalities. The City of London is the hub of southwestern Ontario and provides employment and services to the surrounding areas. Many County of Middlesex residents work in the City and many more utilize the services the City provides such as: retail stores, restaurants, entertainment, medical and financial services.

While it is recognized that the City is the “engine” that helps power economic development in the region around it, growth in some sectors in surrounding municipalities has been stifled because of the City’s proximity and its overwhelming ability to offer a wider range of goods and services. The City’s presence may have kept the County out of the Community Futures Programme as the programme is committed to community-based economic development and it is oriented particularly to small, rural and remote communities. It is interesting to note that Community Futures Programmes have been established in Kent (now Chatham-Kent), Essex and Lambton Counties, all of which are located in southwestern Ontario. One of the reasons why Middlesex has not been targeted by the federal government for such a programme may be that London’s large and diverse labour requirements helps keep unemployment rates at a more even level than those found in Windsor and Sarnia which have experienced boom and bust economic cycles. While this is a positive sign for the London area, it holds back the rural hinterlands of Middlesex County from achieving any kind of economic self-sufficiency. Therefore, in some respects, the presence of the City of London in the County of Middlesex is a mixed blessing.

Partnering with senior levels of government is now providing some benefit to rural residents that are job seeking or require training and education. The Government Access and Information Network (GAIN) Centre is located in the Town of Strathroy, the County’s largest municipality. Here, residents can access job bank information through

the Canada Employment Centre and receive guidance about training and education programs. The County also operates a satellite welfare office from this location. Multi-service offices like the GAIN Centre appear to be an effective way to meet the needs of a rural population.

*"There is clearly a role to be played bringing the industrial and business communities together with those offering education and training. That function is not being fulfilled well in the County today."*⁷

ii) Strategic View for the County of Middlesex

Looking at the past is an essential part of policy analysis because it can provide the historical perspective to a present-day situation. While the County form of local government has been in place for about 150 years, it has gone through many changes and evolved in many ways into a more effective upper-tier local government partner, strategically positioned between the province and the local municipalities. Some counties have been more successful in this evolutionary process than others. The central issue that will be explored in this paper, is whether economic development should be carried out at a County or upper-tier local government level or handed over to the local municipalities to deal with on their own. In this respect issues need to be identified and there needs to be a determination to see if there is indeed an ideal structure to carry this out, or are we wasting our time? Leslie Pal speaks about problem definition, appropriate goals and instruments in analysing public policy. Problem definition is a way of

⁷ *Middlesex County Profile and Labour Market Analysis*, prepared by MWB Education Consultants Inc. for the management Committee of The Government Information Access Network, February 1997

recognizing and identifying the issue. In this paper the issue to be identified is not the broad issue of economic development but how rural areas and small towns in Middlesex County can attract new businesses and retain employment at a time when the economy is globally driven. We know that governments cannot control the economy, however, an appropriate goal for the County of Middlesex would be to provide an enabling environment to foster the positive conditions required to attract new businesses and jobs. The instruments available would include: the presence and quality of an economic development officer, the nature of its official plan and the quality of its municipal management.

"Local governments project different images and are seen by external and internal investors, by other governments and by local residents as either being positive toward economic development, or sceptical, negative or indifferent." ⁸

Brian Hogwood and Lewis Gunn, in their book, *Policy Analysis for the Real World*, describe a process that is referred to as "issue filtration." This procedure helps in deciding which policy issues require and lend themselves to analysis. In a political environment, decisions are highly intuitive and ad hoc. In most cases there is not sufficient time for a thorough analysis and there is a tendency to jump ahead to conclusions without the benefit of any systematic consideration of the underlying situation. Hogwood and Gunn list twenty criteria that can be used for issue filtration. (see Table 1) Some of the criteria are not appropriate because of the political sensitivity attached to issues involving economic development e.g. unemployment rates, education

⁸ Douglas, David J.A., *Community Economic Development in Canada - Volume Two*, McGraw-Hill Ryerson, Toronto 1994

levels, welfare rates, and government programs. Unless statistics are favourable for job creation and government intervention programs, the issue will not lend itself to analysis. This situation is true for many issues where there could be critical reviews of governments and politicians. As well, a number of issues will involve subjective assessments which are always open to interpretation.

The vast body of literature on economic development provides many insights about the global economy and how individual communities can compete in such economy. Economic development is a subject that is comprised of many complex issues and politicians have to rely on professional advice to a great extent. *"The number of professionals and their likely influence in government have increased dramatically since World War II"*⁹

This paper is not dismissing the importance of issue analysis, however, such analysis, for economic development issues, would waste time based on the following :

1. In a political environment there is never time for defining just what the problem is and for reviewing the implications of alternative options. *"Governments often become aware of problems or their ramifications too late to act upon them in the optimal way... However, it is political factors which help to explain the relatively passive role of government in problem search."*¹⁰ There is a temptation for governments to concentrate on current problems that require immediate action as opposed to hypothetical problems

⁹ Wirt, Frederick M., "The Dependent City? External Influences upon Local Control," *The Journal of Politics* Vol. 47 1985

¹⁰ Hogwood, Brian W. and Lewis A. Gunn, *Policy Analysis for the Real World*, Oxford University Press, New York 1984

that may be dealt with by another political party or in the case of local government, a new Council. As well, politicians and civil servants are not likely to be rewarded for foresight. The real benefit of foresight may not even be realized until some time later and any rewards that may be reaped will be reaped by others who may not have been responsible for the anticipatory action. *"Thus more active issue search would entail not only the introduction of new techniques, but alterations to the political reward structure so that foresight is rewarded (and perhaps lack of it penalized)."*¹¹

2. Economic development issues are too politicized. The parochial nature of local governments creates the same disagreements as one might find in a partisan political environment. Some political leaders may fear that open, frank and objective analysis may expose them to criticism about their inaction to remedy an economic situation. This high degree of political sensitivity will place a road block in the way of analysis even though such analysis is required. *"... too much attention is given to the suppression of symptoms and too little to dealing with the underlying causes."*¹²

Many municipalities expend substantial amounts on promotional material directed at potential clients located beyond the local municipal boundaries when, in fact, statistics show that the bulk of industrial growth is generated by local industry. This local preoccupation in seeking outside development reveals an underlying political psyche which seeks a "quick-fix" to a problem.

3. There is no consensus about the issue and the solution. For rural municipalities in Middlesex County the issue of economic development initiatives may not be perceived

¹¹ Hogwood, Brian W. and Lewis A. Gunn, *Policy Analysis for the Real World*, Oxford University Press, New York 1984

¹² Ibid

as being as critical as it is in urban areas. Generally, farming areas enjoy a very high labour participation rate as many residents are self-employed in farming. The average family income is relatively stable and in most cases higher than incomes in small urban centres in Middlesex County. The incidence of low income families requiring social assistance is also relatively low. So it would appear that in the rural areas the biggest concern to the economic well-being of the municipality is the ability of the local agricultural industry to stay competitive in the face of GATT, diminishing farm subsidies and the future status of marketing boards. Conversely, in small urban towns and villages, the labour participation rates are generally lower, (which is in part due to a higher incidence of retired people living there), family income is lower and social assistance caseloads are bigger. In small urban areas there are greater concerns about the economic viability of the community. Commercial cores are deteriorating as businesses close, reliance on branch plants for major employment places these small centres in a precarious position should these plants close, leaving a work force that will need re-training in order to be marketable for new jobs.

This absence of consensus is based on differing situations as mentioned above as well as a general scepticism that such problem is treatable by an upper-tier level of government over which the local municipality has little control.

4. Results are often intangible. This issue may be the biggest political drawback to any economic development program. While funds are expended on an economic development officer and staff, promotional material, studies, statistical resources and in some cases, trade missions, the results are often intangible. Politicians need to see and show results, but the economic development process is one that works very slowly and discreetly, which in most cases does not coincide with political agendas or tenures. The

argument has been made that an economic development program is needed even more so in times of economic decline. Unfortunately it is during these times that political support wanes because of inaction.

*"Economic development policy tends to be heavily influenced by bureaucratic or professional actors and is based more on decision rules or procedures than rational analysis."*¹³

Table 1 - Issue Filtration Criteria

1. Issue's Context

- 1.1 Time for analysis?
- 1.2 Not too politicized?
- 1.3 Not fixed positions?
- 1.4 Centrality?

2. Issue's Characteristics

- 2.1 Scope of choice?
- 2.2 Absence of consensus?
- 2.3 Complexity?
- 2.4 Uncertainty?
- 2.5 Not too value-laden?

(Hogwood and Gunn)

3. Issue's Repercussions

- 3.1 Significant consequences?
- 3.2 Many people affected?
- 3.3 Significant group?
- 3.4 Significantly affected?
- 3.5 Tendency to ramify?
- 3.6 Limiting future options?

4. Costs of Action and Analysis

- 4.1 Costly to act?
- 4.2 Quantum jump in cost?
- 4.3 Ties up resources?
- 4.4 Cheap analysis?
- 4.5 Pay-off from analysis?

¹³ Reese, Laura A., "Decision Rules in Local Economic Development", *Urban Affairs Quarterly* Vol. 28 No. 3 March 1993 pp 501-513

Data Collection - Global Influences

It has been argued previously in this paper that issue analysis would be a waste of time based on the realities of the political environment in which we live. If we do not perform a rigorous analysis of issues and properly define the problem(s) then our political leaders will need to be provided with accurate data on which to make decisions. While data represents a “snap-shot” in time, it constitutes a bench mark for making predictions which may be considered by politicians to be more meaningful than problem definition and issues analysis. If data is going to be the primary source of information for decision-making then it must be collected in a way that it can be compared with other data. This can be a real challenge for small towns and rural areas as census information is usually provided on a “census tract” basis, for an entire local municipality, and is not separated for unincorporated villages, towns and hamlets. This situation is true of Middlesex County as there are few studies that separate Middlesex from the City of London. *“As such, in most studies the information relevant to Middlesex outside of London, is either not identifiable or represents such a small fraction of data that it is of little value.”*¹⁴

Data must be collected on a supra and areal basis in order to determine if local municipalities are in step with national and provincial trends in economic development. What are the major employment sectors? Do the age cohorts differ between urban and rural areas? What are the dynamics exerted by the global economy?

¹⁴ *Middlesex County Profile and Labour Market Analysis*, prepared by MWB Education Consultants Inc. for the management Committee of The Government Information Access Network, February 1997

i) Required Data

The County of Middlesex produced a business directory in 1995 to fulfill an action item for economic development as required by its Strategic Plan. Not only are businesses listed, but demographic and other census data is included for the County and each of its constituent municipalities. A directory that raises the profile of businesses located in the County and provides pertinent data about its resident labour force was considered a necessary first step to encourage interest and investment in the County.

Of the 960 businesses listed in the County's directory, 741 businesses (77%) employ 5 or less people. Small businesses are an important source of new jobs and growth in Ontario. Data indicate that while medium and large businesses reported heavy job losses in recent years, small business, especially firms employing fewer than five workers, showed job growth. On a full-time equivalent basis, small businesses account for 33 percent of private sector employment, up from 29 percent in 1980. Ontario Government statistics indicate that in 1993, 72.3 percent of all firms in the province employed under five workers. These small businesses are driving the economy in the 1990's and Middlesex County appears to be following the provincial trend in this regard.

The following tables provide pertinent data about the County of Middlesex:

Table 2, County Population Information, shows a drop in County population due to an annexation of lands to the City of London in 1993 that dissolved the Township of Westminster and created boundary changes for the Townships of Delaware, Lobo, London, West Nissouri and North Dorchester. Biddulph Township experienced a slight decline in population between 1988 and 1994. Other rural townships located furthest

from the City of London showed very small increases in population; they include, Adelaide, East Williams, Ekfrid, McGillivray, Metcalfe, Mosa and West Williams. The Villages of Newbury and Wardsville have experienced static growth over the same time period.

Table 3, Gender and Age Distribution, indicates that more than 25 percent of the County's population is over age 65. The age cohorts differ between urban and rural areas as approximately 40 percent of the seniors reside in the County's towns and villages. Data shows that the majority of seniors migrate to urban areas where health and other services are easier to access. Many small towns are becoming retirement centres offering seniors accommodation in apartment complexes or in long term care facilities.

Table 4 , Household Income, indicates that average household income is higher in Middlesex County than in the City of London. The large number of farmers in the County has an impact on these figures.

Table 5, Level of Schooling, shows that London's labour force has a higher level of education. However, County residents show a higher percentage of the labour force with college diplomas whereas, City residents have a higher percentage with university degrees.

Table 6, Labour Force Activity reveals that in 1991 the County's unemployment rate was substantially lower than that in the City of London. One of the contributing factors to the lower rates is the high level of self-employment and participation rates in the farming areas.

TABLE 2 - COUNTY POPULATION INFORMATION

MUNICIPALITY	POPULATION			1993 HOUSEHOLDS	AREA IN HECTARES
	1988	1991	1994		
Middlesex County	62,841	66,066	60,377	21,438	284,464
Adelaide, Township	1,892	1,958	2,000	581	17,793
Biddulph, Township	2,202	2,138	2,194	727	16,597
Caradoc, Township	5,458	6,043	6,117	2,196	25,773
Delaware, Township	2,172	2,450	2,465	718	9,506
East Williams, Township	1,190	1,268	1,311	439	16,273
Ekfrid, Township	2,020	2,141	2,202	808	22,543
Lobo, Township	5,056	5,426	5,464	1,788	19,629
London, Township	5,626	5,322	4,741	1,635	29,112
McGillivray, Township	1,797	1,861	1,843	619	28,189
Metcalfe, Township	890	944	1,033	328	15,185
Mosa, Township	1,254	1,219	1,304	476	19,923
N. Dorchester, Township	7,201	7,817	8,144	2,785	23,092
West Nissouri, Township	3,273	3,442	3,347	1,184	23,296
West Williams, Township	895	896	911	307	14,874
London, City	291,745	310,698	320,099	135,359	42,262
Parkhill, Town	1,471	1,673	1,677	649	259
Strathroy, Town	9,186	10,370	10,981	4,019	1,427
Ailsa Craig, Village	814	876	947	351	212
Glencoe, Village	1,801	2,062	2,054	851	310
Lucan, Village	1,740	1,810	1,845	641	124
Newbury, Village	398	402	404	167	155
Wardsville, Village	443	412	423	169	192

Source: 1988 and 1991 data from Ministry of Revenue, 1994 data from Regional Assessment Office

Note: Variations in 1994 data for Lobo, Delaware, London City, London Twp, and North Dorchester may be a result of boundary changes due to the 1993 City Annexation.

Middlesex County Municipal Profile

TABLE 3 - GENDER AND AGE DISTRIBUTION

BY AGE (1991)	MIDDLESEX COUNTY (EXCLUDING LONDON)				LONDON CITY (INCLUDING ANNEX)			
TOTAL:	55,955				316,320			
MALE:	27,925				152,305			
FEMALE:	28,035				164,005			
Age Groups:	Male	%	Female	%	Male	%	Female	%
0-4	2285	8.2	2095	7.5	11,410	7.5	11,100	6.8
5-9	2255	8.1	2265	8.1	11,000	7.2	10,515	6.4
10-14	2295	8.2	2135	7.7	9,955	6.5	9,465	5.8
15-19	2090	7.5	1870	6.7	10,465	6.9	10,155	6.2
20-24	1820	6.5	1590	5.7	13,050	8.6	13,775	8.4
25-29	1895	6.8	1930	6.9	15,325	10.1	15,995	9.8
30-34	2245	8.0	2375	8.5	14,105	9.3	15,010	9.2
35-39	2355	8.4	2275	8.1	12,265	8.1	13,355	8.2
40-44	2240	8.0	2110	7.5	11,225	7.4	12,040	7.3
45-49	1820	6.5	1740	6.2	8,585	5.6	9,155	5.6
50-54	1445	5.2	1305	4.7	7,070	4.6	7,470	4.6
55-59	1310	4.7	1205	4.3	6,325	4.2	6,915	4.2
60-64	1210	4.3	1080	3.9	6,190	4.1	6,875	4.2
65-74	1885	6.7	2060	7.4	9,725	6.4	12,615	7.7
75 & over	1255	4.5	1875	6.7	5,130	3.4	9,690	5.9

Source: 1991 Statistics Canada Data

Middlesex County Municipal Profile

TABLE 4 - HOUSEHOLD INCOME

BY HOUSEHOLD INCOME (1991)	MIDDLESEX	%	LONDON CITY	%
Total Private Households	22,985	100	119,500	100
with income under \$10,000	630	2.7	8,685	7.3
\$10,000 - \$14,999	1,470	6.4	9,670	8.1
\$15,000 - \$19,999	2,635	11.5	8,505	7.1
\$20,000 - \$29,999	4,835	21.0	15,470	12.9
\$30,000 - \$39,999	3,030	13.2	16,470	13.8
\$40,000 - \$49,999	3,265	14.2	14,790	12.4
\$50,000 - \$59,999	2,865	12.5	12,335	10.3
\$60,000 - \$69,999	2,145	9.9	9,605	8.0
\$70,000 and over	5,520	24.0	21,965	18.4
Average income in \$	54,983	N/A	46,627	N/A
Median Income in \$	N/A	N/A	39,253	N/A

TABLE 5 - LEVEL OF SCHOOLING

BY LEVEL OF SCHOOLING	MIDDLESEX		LONDON CITY	
	#	%	#	%
Total Population 15 years and over	51,945	100.0	239,355	100.0
Less than grade 9	6,090	11.7	20,185	8.4
Grades 9 - 13 - without certificate	14,225	27.4	57,095	23.9
- with secondary certificate	8,610	16.6	37,155	15.5
Trades certificate or diploma	2,250	4.3	7,585	3.2
Other non-university -without certificate	3,335	6.4	16,460	6.9
- with certificate	9,560	18.4	40,010	16.7
University - without degree	3,590	6.9	24,975	10.4
- without certificate	1,730	3.3	13,835	5.8
- with certificate	1,860	3.6	11,140	4.7
- with degree	4,285	8.2	35,885	15.0

Source: Statistics Canada 1991 / Middlesex County Municipal Profile

Table 7, Labour Force Divisions, reveals a marked difference in the percentage of the labour force working in primary industries between the County and the City. Primary industries account for 15 percent of the County's labour force compared to 1 percent in the City. Trade industries account for 17.7 percent of the County's labour force compared to 18.3 percent in London.

Table 8, Dwelling Characteristics, indicates that the average value of dwellings in Middlesex is higher than the value in the City of London. This situation could be due in part to larger, rural estate homes located in the municipalities surrounding the City.

Table 9, Annual Property Tax Data, shows clearly the dependence that the rural townships have on farm property taxes. With the loss of the farm tax rebate municipalities like Adelaide, East Williams, Ekfrid, Mosa, Metcalfe and West Williams will have difficulty maintaining traditional services without a major hike in property taxes.

There may need to be adjustments made due to the dynamics exerted by the global economy. For instance, jobs in manufacturing industries account for 14.9 percent of the County's labour force which is slightly higher than 14.8 percent found in the City of London. A large part of those manufacturing jobs are found in auto parts manufacturing plants located in a number of small towns in Middlesex County. These industries constitute, in many cases, the largest employer in these small towns. This puts a community in a precarious position in the event that there are labour disruptions in the auto industry or the parent auto company wants to shift operations out of the country.

TABLE 6 - LABOUR FORCE ACTIVITY

LABOUR FORCE ACTIVITY (15 years and over)	MIDDLESEX		LONDON, CITY OF	
	Male	Female	Male	Female
Total Population	26,030	25,910	113385	125970
In labour force	21,085	16,985	88185	81060
- Employed	19,885	16,205	79530	74790
- Unemployed	1,195	770	8655	6275
Unemployment rate	5.7	4.5	9.8	7.7
Participation rate	81.0	65.6	77.8	64.3

TABLE 7 - LABOUR FORCE DIVISIONS

LABOUR FORCE DIVISIONS (AGE 15 YEARS AND OVER)	MIDDLESEX		LONDON, CITY OF	
	#	%	#	%
Total Labour Force	38,060	100.0	169,250	100.0
Not applicable	195	100.0	2,380	100.0
All Industries	37,870	100.0	166,865	100.0
- Primary industries	5,680	15.0	1,665	1.0
- Manufacturing industries	5,635	14.9	24,715	14.8
- Construction industries	3,190	8.4	10,335	6.2
- Transportation and storage industries	1,540	4.1	4,035	2.4
- Communication and other utility industry	1,015	2.7	5,705	3.4
- Trade industries	6,700	17.7	30,505	18.3
- Finance, insurance, and real estate industries	1,830	4.8	13,055	7.8
- Government service industries	1,445	3.8	8,935	5.4
- Educational service industries	2,280	6.0	14,935	9.0
- Health and social service industries	3,720	9.8	20,570	12.3
- Other industries	4,835	12.8	32,405	19.4

Source: 1991 Statistics Canada

Middlesex County Municipal Profile

TABLE 8 - DWELLING CHARACTERISTICS

DWELLING CHARACTERISTICS	MIDDLESEX COUNTY	CITY OF LONDON
Total number of occupied private dwellings	142,490	119,500
- Average number of rooms per dwelling	6.5	6.3
- Average number of bedrooms per dwelling	2.6	2.6
- Average value of dwelling in \$	163,255	161,711
- Average gross rent for tenants \$	601	606

Source: Statistics Canada 1991

Note: City of London Data includes 1993 annexed area

Middlesex County Municipal Profile

TABLE 9 - ANNUAL PROPERTY TAX DATA

MUNICIPALITY	RESIDENTIAL/ FARM			COMMERCIAL/ INDUSTRIAL		TOTAL # OF UNITS
	Value \$	# Res.	# Farm	Value \$	# of	
Adelaide, TP	4,316,947	339	811	990,517	78	1,026
Biddulph, TP	4,099,415	511	788	347,510	58	1,119
Caradoc, TP	11,552,852	1,717	1,436	1,470,211	199	2,514
Delaware, TP	3,985,558	604	451	352,355	51	909
E. Williams, TP	2,929,107	264	661	401,442	19	757
Ekfrid, TP	3,917,890	473	1,088	339,589	64	1,225
Lobo, TP	10,022,665	1,439	980	2,126,976	188	2,183
London, TP	11,138,967	1,173	1,384	2,743,492	154	2,147
McGillivray, TP	4,493,305	254	45	88,696	34	1,052
Mosa, TP	2,672,742	252	810	100,726	13	887
Metcalfe, TP	2,246,706	139	640	558,931	18	617
N.Dorchester, TP	13,452,435	2,392	1,249	1,639,427	257	3,332
W. Nissouri, TP	5,784,955	856	1,033	1,658,891	131	1,389
W. Williams, TP	2,177,212	139	611	109,932	30	607
London, City of	743,353,026	133,126	1,526	228,501,344	16,982	98,618
Parkhill, Town	7,088,394	644	6	1,556,031	134	741
Strathroy, Town	16,401,166	4,060	31	4,131,281	504	390
Ailsa Craig, Vill.	4,121,037	355	7	607,526	49	407
Glencoe, Village	11,250,413	829	73	3,198,310	136	1,061
Lucan, Village	8,587,986	645	13	914,382	86	681
Newbury, Village	312,936	150	16	136,015	19	223
Wardsville, Vill.	477,059	169	11	129,219	30	228
Middlesex Total	874,382,773	150,530	13,670	252,102,803	19,234	122,113

Source: London Regional Assessment Office 1993

Middlesex County Municipal Profile

ii) Agricultural Data

Due to the prominence of primary industries in the County of Middlesex a section on agricultural data is warranted in this paper. As indicated in Table 7, primary industries employ 15 percent of the County's labour force. Primary industry includes farming and other agriculturally related businesses, mining and petroleum extraction.

Based on 1991 Census data, Middlesex County had 3,162 farms, the largest number of farms of all Counties and Regions of Southern Ontario.¹⁵ Middlesex County ranks number one in southern Ontario for the following agricultural categories:

- | | |
|------|---|
| i) | Value of agricultural products sold |
| ii) | Farm capital value |
| iii) | Number of computers for farm management |
| iv) | Total value of Oats |
| v) | Total value of Grain Corn |
| vi) | Total value of Dry White Beans |

The County of Middlesex is second only to Oxford County in dairy, pigs, barley and mixed grain. Middlesex County is a leader in agricultural production in Ontario. Agriculture is clearly one of the County's strengths that should be nurtured as well as protected. The County of Middlesex has a role to play in this regard and is presently drafting a comprehensive Official Plan containing policies that support agriculture and limit intrusive, non-farm land uses into the rural areas of the County. At the same time the Official Plan supports home occupations on farms, temporary dwellings for farm labour and encourages the retention of woodlands and environmental features on the landscape.

¹⁵ According to the "1991 Agricultural Statistics for Ontario", Southern Ontario comprises -Brant, Elgin, Essex, Haldimand-Norfolk, Hamilton-Wentworth, Kent, Lambton, Middlesex, Niagara and Oxford

iii) Industrial Sector Comparisons

While primary industry comprises 15 percent of the resident labour force in the County, Trade Industries, which include retail and wholesale trade, account for 17.7 percent of the work force. In order to determine how the County of Middlesex matches up to other areas a comparison of the major industrial sectors will be carried out. Comparisons will be made within the County, between the County and the City of London and between the County and the Province of Ontario. The following tables provide economic base information for Middlesex County and its constituent municipalities, regions of the County, the City of London and the Province of Ontario.

The County's labour force participation rates in the core industrial sectors (manufacturing, construction, transportation, communication and trade) appear to be comparable with both the City and the Province. However, the County is lagging in the proportion of its labour force working for service industries; a sector of the economy that has shown the greatest amount of growth in recent years. The 1991 census data indicates that the County exceeded the Provincial labour force participation rate in only one of the service sectors; health and social services. With the cut backs in health care and social services it is doubtful whether the County can maintain this relatively high level of employment. (see Tables 9 and 10)

As mentioned previously, small businesses are an important source of new jobs and growth in Ontario. The County of Middlesex Business Directory indicates that 77 percent of all businesses listed employ five or less workers. This growth in small business has been brought about due to several reasons. The global economy has forced any large businesses to rationalize their work forces to become more competitive.

TABLE 10

**MIDDLESEX COUNTY AND CONSTITUENT MUNICIPALITIES
ECONOMIC BASE, 1991**

	ADELAIDE, TOWNSHIP	ALBA CRAIG, VILLAGE	BIRDOLPH, TOWNSHIP	CARADOC TOWNSHIP	DELAWARE TOWNSHIP	EAST WILLIAMS, TOWNSHIP	EXFORD, TOWNSHIP	GLENCOE, VILLAGE	LOBO, TOWNSHIP	LONDON, CITY	LONDON, TOWNSHIP	LUCAN, VILLAGE
PERCENTAGE OF ALL INDUSTRIES												
PRIMARY INDUSTRIES (i.e. AGRICULTURE, ETC.)	35%	2%	22%	18%	9%	31%	24%	5%	11%	1%	17%	3%
MANUFACTURING INDUSTRIES	10%	5%	13%	14%	13%	7%	16%	24%	13%	15%	10%	12%
CONSTRUCTION INDUSTRIES	9%	6%	11%	8%	16%	6%	7%	10%	9%	6%	10%	6%
TRANSPORTATION AND STORAGE INDUSTRIES	5%	5%	2%	3%	3%	1%	4%	8%	4%	2%	3%	8%
COMMUNICATION AND UTILITY INDUSTRIES	2%	7%	4%	3%	2%	2%	3%	4%	3%	3%	2%	4%
TRADE INDUSTRIES	13%	28%	17%	17%	13%	17%	13%	15%	16%	18%	18%	19%
FINANCE, INSURANCE, AND REAL ESTATE	3%	6%	2%	6%	7%	6%	3%	4%	5%	8%	5%	11%
GOVERNMENT AND EDUCATION	9%	16%	10%	11%	16%	5%	6%	8%	15%	14%	9%	20%
HEALTH AND SOCIAL SERVICE INDUSTRIES	7%	13%	8%	10%	8%	15%	10%	7%	14%	12%	11%	7%
OTHER INDUSTRIES	10%	11%	9%	11%	12%	9%	12%	14%	12%	19%	15%	12%
	MCILLIVRAY, TOWNSHIP	METCALFE, TOWNSHIP	MOSA, TOWNSHIP	NEWSBURY, VILLAGE	NORTH DORCHESTER, TOWNSHIP	PARGHILL, TOWN	STRATHROY, TOWN	WARDSVILLE, VILLAGE	WEST MISSOURI, TOWNSHIP	WEST WILLIAMS, TOWNSHIP	MIDDLESEX COUNTY	ONTARIO
PERCENTAGE OF ALL INDUSTRIES												
PRIMARY INDUSTRIES (i.e. AGRICULTURE, ETC.)	27%	40%	38%	6%	9%	4%	9%	6%	28%	48%	16%	4%
MANUFACTURING INDUSTRIES	10%	11%	15%	44%	16%	14%	20%	13%	15%	12%	15%	17%
CONSTRUCTION INDUSTRIES	5%	6%	5%	0%	9%	7%	9%	6%	7%	6%	9%	7%
TRANSPORTATION AND STORAGE INDUSTRIES	5%	4%	5%	11%	5%	4%	3%	6%	3%	2%	4%	4%
COMMUNICATION AND UTILITY INDUSTRIES	2%	2%	1%	0%	4%	1%	2%	6%	3%	2%	3%	4%
TRADE INDUSTRIES	16%	8%	15%	25%	20%	16%	18%	22%	17%	18%	17%	17%
FINANCE, INSURANCE, AND REAL ESTATE	3%	4%	1%	0%	6%	4%	2%	0%	4%	2%	4%	7%
GOVERNMENT AND EDUCATION	11%	8%	6%	0%	9%	15%	8%	6%	8%	7%	10%	14%
HEALTH AND SOCIAL SERVICE INDUSTRIES	11%	7%	7%	8%	7%	16%	13%	16%	6%	2%	10%	8%
OTHER INDUSTRIES	10%	8%	7%	5%	13%	17%	16%	19%	11%	4%	12%	19%

SOURCE: STATISTICS CANADA - CATALOGUE NUMBER 95-338

TABLE 11

ECONOMIC ACTIVITY 1991

MIDDLESEX COUNTY, CITY OF LONDON AND REGIONS OF COUNTY

	SOUTHWEST MIDDLESEX COUNTY	WEST CENTRAL MIDDLESEX COUNTY	NORTHWEST MIDDLESEX COUNTY	NORTHEAST MIDDLESEX COUNTY	MUNICIPALITIES AFFECTED BY ANNEXATION	CITY OF LONDON	MIDDLESEX CTY. INCLUDING CITY OF LONDON	MIDDLESEX CTY. EXCLUDING CITY OF LONDON	ONTARIO, PROVINCE
TOTAL LABOUR FORCE 15 YEARS AND OVER	3,470	13,715	3,510	2,300	11,460	169,250	203,705	34,455	5,511,235
NOT APPLICABLE	10	70	0	20	65	2,380	2,545	165	75,385
BY INDUSTRY DIVISION									
ALL INDUSTRIES	3,445	13,645	3,510	2,280	11,395	166,865	201,140	34,275	5,435,850
PRIMARY INDUSTRIES	19.6%	14.5%	23.4%	13.2%	14.5%	1.0%	3.5%	15.8%	3.5%
MANUFACTURING INDUSTRIES	19.2%	15.6%	9.8%	12.5%	14.5%	14.8%	14.8%	14.8%	17.3%
CONSTRUCTION INDUSTRIES	7.0%	8.4%	8.1%	8.8%	9.9%	6.2%	6.6%	8.5%	6.6%
TRANSPORTATION AND STORAGE INDUSTRIES	6.1%	3.5%	3.4%	5.0%	3.7%	2.4%	2.7%	3.9%	3.5%
COMMUNICATION AND UTILITY INDUSTRIES	3.0%	2.3%	2.6%	3.9%	2.9%	3.4%	3.3%	2.7%	3.5%
TRADE INDUSTRIES	16.2%	16.5%	18.4%	18.0%	18.2%	18.3%	18.1%	17.2%	17.2%
FINANCE, INSURANCE, AND REAL ESTATE	2.9%	3.7%	3.8%	6.1%	5.4%	7.8%	7.2%	4.4%	6.5%
GOVERNMENT SERVICE INDUSTRIES	4.1%	3.8%	5.0%	5.0%	3.3%	5.4%	5.1%	3.9%	7.6%
EDUCATIONAL SERVICE INDUSTRIES	2.5%	6.4%	5.4%	9.4%	6.2%	9.0%	8.5%	6.1%	6.7%
HEALTH AND SOCIAL SERVICE INDUSTRIES	8.9%	11.5%	11.5%	7.7%	8.2%	12.3%	11.9%	9.9%	8.4%
OTHER INDUSTRIES	11.3%	12.8%	10.5%	10.3%	13.2%	19.4%	18.2%	12.4%	19.2%

REGIONS OF COUNTY:

Southwest Middlesex County

- Village of Wardville
- Village of Newbury
- Village of Glencoe
- Township of Moss
- Township of Elfrid

Northeast Middlesex County

- Township of Biddulph
- Village of Lucan

West Central Middlesex County

- Township of Canadoc
- Township of Adelaide
- Town of Strathroy
- Township of Metcalfe
- Township of Lobo

Municipalities Affected by Annexation

- Township of Delaware
- Township of North Dorchester
- Township of London
- Township of West Missouri

Northwest Middlesex County

- Township of McGilivray
- Town of Parkhill
- Village of Alton Craig
- Township of West Williams
- Township of East Williams

In some cases branch plants have closed in Canada in favour of third world countries where labour is cheap. This situation has forced Canadian workers to seek other employment and many have established home businesses and become self-employed out of necessity. Secondly, new computer and communications technology permits a small business to compete in the global market. The "Internet", e-mail, fax machines, business accounting software, and fibre optics communications, provides a small business with a high level of technology that previously was cost prohibitive. Third, many people are opting for early retirement packages but wish to operate their own small business on a part-time basis. Many of these early retirees are relocating from large urban centres to their summer homes or smaller communities to enjoy a more relaxed life-style while maintaining a small business. This trend to small business has its advantages and disadvantages for economic development issues. Small businesses usually remain in a community because of their ties to the community and name recognition. Small businesses generally increase the resident workforce as the business operator lives and works in the community. In addition, such small business will rely on local services unlike a large business that may utilize in-house or head office expertise. The disadvantages of small business development is that such business does not provide large numbers of jobs or large property tax payments to the municipality. So while there is growth in this sector, such growth will not replace a community's need for larger industry.

Data shows that 40 percent of the County's seniors reside in towns and villages . This will affect economic development in that the services required for seniors differ from a young family. While seniors will rarely use a playing field or an ice hockey arena, they will use the local library, restaurants, churches, community centres and bingo halls. In addition seniors will require landscaping services, snow plowing, house renovations and

when they can no longer look after a home they will seek apartments and eventually a nursing home. Small communities should be actively attracting seniors as seniors today have high levels of disposable income, they are not heavy users of community facilities and services and tend to stay close to family and friends for their remaining years.

There may need to be adjustments made due to the dynamics exerted by the global economy. The County's labour force remains ensconced in the traditional industrial sectors of the economy. However, the closure of an automotive parts plant could devastate a small community. There are opportunities in the service sector that are not being met in the County of Middlesex. Initiatives should begin now to explore options that will lead to new growth in the local economy.

**Strengths, Weaknesses, Opportunities and Threats
for Economic Development in Middlesex County**

Agriculture is an economic strength in Middlesex. Data indicates that the County ranks very highly in agricultural production compared to other southern Ontario Counties. Farm sizes appear to be getting larger and there is an increasing number of intensive livestock operations being established in Middlesex County. European immigrant farmers are showing great interest in this area and they are investing large sums to buy and enlarge local farming operations. Agriculture will continue to be an important economic mainstay of Middlesex County.

Another strength is the County's proximity to a large, skilled labour force in the City of London. 31.7 percent of the City's labour force possess either a university degree or a college diploma. A non-unionized environment in most small towns and villages in the

County is an advantage that many small industries are seeking. *"The business community fairly widely admits now that it consciously chooses locations in order to avoid unionization whenever possible."*¹⁶

Other strengths the County possesses include a lower cost of living in small towns and rural areas that is based on lower land costs, property taxes and housing prices. Access to good educational facilities including the University of Western Ontario and Fanshawe College in London, and access to excellent medical facilities and other quality-of-life factors found in the County's communities that young families and older people are seeking.

There are probably three major weaknesses to economic development in small communities in Middlesex County. One, is the general lack of focus on economic development compounded by a lack of coordination within and between municipalities. Secondly, there is a strong reliance on manufacturing jobs in the County's small communities. Manufacturing jobs account for 14.9 percent of the County's labour force which is equal to participation rates in primary industry. Most of the manufacturing jobs are in automotive branch plants which may be a community's largest employer. Third, there are few if any local chambers of commerce, business improvement associations or economic development officers to promote small communities in Middlesex.

¹⁶Eisenger, Peter K., *The Rise of the Entrepreneurial State - State and Local Economic Development Policy in the United States*, University of Wisconsin Press, Madison 1988 p 209

There are a number of opportunities available to the County . Large, corporate farms are becoming more prevalent and these large operations will offer employment not only for farm labour but for professional business persons to administer the operations. Rural areas and small towns can generally provide labour at lower rates than large urban areas due to the lower cost of living and the absence of organized labour unions. In addition, small communities offer the safety and security many firms are seeking for their employees. In this regard, it may be easier to attract workers to a small town than to a big city, based on quality-of-life factors.

Small towns and rural areas are threatened by provincial funding cuts and their limited abilities to raise funds through the assessment base. In addition, many small communities rely on branch plants for local jobs. This situation leaves these communities in a precarious position should the plant close and jobs be displaced to other countries. While data shows that young and older families are moving to smaller communities in Middlesex County, these communities must rely on local business for jobs if they are to sustain themselves over the long term.

Economic Viability of Small Towns and Rural Communities

Many small towns are one industry towns and as such have a very narrow economic base. Dependence on the agricultural industry for new employment is limited given the high level of mechanization used in agricultural operations today. Fortunately for Middlesex County there are more options for employment within the City of London and its surrounds than in more rural areas to the north. While rural areas boast high labour participation rates due to the high incidence of farming, the tax base will be shrinking with the recent announcement that the farm tax rebate is being abolished. Agricultural

assessment rates will be set at 25 percent of residential rates which will effectively reduce income to the municipality. The combined pressure of provincial grant reductions and the end of the farm tax rebate program will make rural communities unviable. Small towns and rural areas will need to band together and amalgamate into larger units to withstand the economic pressures being brought to bear. Not only will larger municipalities be more resilient to change, coordination of economic development activities is more likely to occur.

Governance Issues

*"The national government has the extensive powers of a nation state to protect its economic base whereas cities (and states) are unable to impede the mobility of goods, capital and labour decisively through such means as monetary and fiscal policy, issuing passports or imposing tariffs."*¹⁷ The above statement also holds true in the

Canadian context as there is limited authority for local government intervention in protecting the local economic base and attracting new economic development.

The legislation under which Ontario municipalities operate is called the Ontario Municipal Act. Section 111 of this Act prohibits any form of property tax abatement and any direct or indirect financial assistance to industrial or commercial businesses. The Canadian rules are different than the U.S. where tax write-offs and other incentives are used aggressively to attract new business.

¹⁷ Kantor, Paul "The Dependent City, The Changing Political Economy of Urban Economic development in the United States", *Urban Affairs Quarterly*, Vol. 22 No. 4 June 1987 pp 493-520

*"Cities in Ontario are prohibited from offering financial bonuses such as tax abatements, loans, loan guarantees, and lease-back arrangements. Any land owned, developed, or "banked" by a municipality must be sold to developers at market cost. As a result, Ontario cities engaged in more innovative or demand-side methods to attract development, including training, award programs, and business incubators than Michigan cities, where tax abatements and other financial inducements are allowed."*¹⁸

It is interesting to note from recent American literature about economic development policies, that many states are moving toward innovative enabling legislation similar to Ontario. Where this has occurred, venture capital types of incentives are being used instead of abatements and other financial incentives. *"...abatements are so expensive - in real terms - that desperate cities (i.e. poor ones) are most likely to use them."*¹⁹

While the Ontario Municipal Act prohibits financial assistance there is provision for small business counselling, creation of Community Economic Development Corporations under the Community Economic Development Act, 1993 and Community Development Corporations under Part III of the Corporations Act .

Local municipalities may , with the approval of the Lieutenant Governor, establish and maintain one or more programs to encourage the establishment and initial growth of

¹⁸ Reese, Laura A. and Amy Malmer, "The Effects of State Enabling Legislation on Local Economic Development Policies", *Urban Affairs Quarterly*, Vol. 30 No. 1 September 1994 pp 114-135

¹⁹ Clingermayer, James C. and Richard C. Feiock, "The Adoption of Economic Development Policies by Large Cities: A Test of Economic, Interest Group, and institutional Explanations", *Policy Studies Journal*, Vol. 18, No. 3, Spring 1990 pp 539-552

small businesses. The municipality may also participate in programs established and administered by the Ministry of Economic Development, Trade and Technology. Under such programs the municipality may acquire land and erect buildings or improve existing buildings for the purpose of providing leased space to eligible small businesses. The municipality may provide for the use of the services of any of its employees to the eligible small business and establish a local board to administer such program. These subsidized premises are commonly referred to as "small business incubators".

Community Economic Development Corporations may receive assistance from the council of a municipality in the form of funding, land, and services, to further local economic development initiatives. Strict regulations apply and the Minister may make regulations to restrict the kind, manner and extent of assistance that may be provided by the municipality to the Community Economic Development Corporation.

Community Development Corporations can be established with the sole object of promoting community economic development with the cooperation and participation of the community. The council of the municipality may provide financial and other assistance to the Community Development Corporation. There are strict regulations governing the operation of such corporations and the Minister has the authority to restrict the kind, manner and extent of assistance that may be provided.

Along with the above there are other contingencies available in encouraging new business opportunities. Earlier this year the Province announced enhancements to Small Business Investment Tax Credit for Banks. Provincial Finance Minister, Ernie Eves in an announcement on February 4, 1997 stated: *"A key change to the credit involves*

expanding eligibility to include unincorporated business and small business investment funds."

In addition, the Ontario Ministry of Finance announced as part of the 1997 Ontario Budget, the framework for Community Small Business Investment Funds. The Provincial Government believes investment in early-stage, small business, should be facilitated. The greatest potential for success lies in coordinated action among key players: LSIFs (Labour Sponsored Investment Funds), financial institutions, angels (individuals who wish to contribute), the Government of Ontario and the Federal Government.²⁰

The Community Futures Programme is a federally funded initiative which is grounded in the commitment to community-based economic development. *"The most important contributions of this innovative programme may be the encouragement of intercommunity collaboration and the development of a strategic planning capacity in Ontario's smaller communities and municipalities."*²¹

These types of initiatives and announcements along with the possibility for partnering with senior governments and the private sector provide some sense of optimism for economic development in the small business sector. *"A primary ingredient in stimulating local economic activity is the designing of locally relevant institutions and organizations*

²⁰ Details of Revenue Measures - 1997 Ontario Budget, Ministry of Finance

²¹ Douglas, David J.A., *Community Economic Development in Canada - Volume Two*, McGraw-Hill Ryerson, Toronto 1995

that cut across political, economic, and social barriers in both the public and the private sectors to promote development."²²

Problems That May Be Amenable to Local Government Intervention

Local government exists at the whim of the Province. Its taxing authority is limited to property taxes and its ability to borrow is sanctioned by the senior government.

However, despite the obvious restrictions, local government has been given some room to manoeuvre. The Ontario Municipal Act provides for small business counselling and the establishment of Community Economic Development Corporations and Community Development Corporations. These programs are regulated by the Provincial Government by way of legislative Acts. While these interventionist methods are effective they require Provincial approval and are strictly controlled.

The Community Futures Programme is a federal government initiative which supports community-based economic development and is not simply a top-down approach. Its focus is on involving a cross-section of community representatives with the community being a group of adjacent municipalities. This programme requires municipal collaboration and the commitment of many volunteers with a common purpose. The coordination and cooperation of economic development initiatives among constituent municipalities is a problem that may be amenable to county government intervention.

"A strong sense of place... encourages a spirit in which economic competition and conflict can be tempered by cooperation and the building of local economic networks in

²² Blakely, Edward J., *Planning Local Economic Development - Theory and Practice*, Sage Publications, California 1989

which local economic actors, motivated by rational community self-interest can help each other."²³

A recent change occurring as a result of a general devolution of Provincial responsibilities includes the delegation of planning approval authority to the local government level. Counties will be given the authority to approve plans of subdivision and approve local official plans and amendments. In some cases approval will be exempted. Allocating these powers to the local government level will help streamline the planning process and enhance economic development by expediting the regulatory process.

*"Most municipalities have some responsibilities for land use planning which can be used to favour particular types of development and facilitate or hinder economic change. Yet planning is basically a mechanism for regulating development rather than making it happen and without more positive action is not likely to stimulate development."*²⁴

The County of Middlesex is preparing a new comprehensive Official Plan which is a provincial prerequisite for receiving these new approval powers. The new Plan will help in the coordination of land use planning across the County and provide policies that will protect agriculture, encourage growth in small towns and villages, support home industries and provide the rationale for the expenditure of funds for infrastructure enhancements. The presence of a new Official Plan will project a positive image about

²³ Keating, Michael "Local Government and Economic Development in Western Europe", *Entrepreneurship and Regional Development*, 1, Taylor and Francis Ltd., 1989 pp 301-312

²⁴ Keating, Michael *Local Economic Development: Policy or Politics?* University of Western Ontario, personal paper

Middlesex County and fulfill an important component of the enabling environment that is so important to economic development.

We lack a civic community in Ontario. The pursuit of self interests over the pursuit of the common good is apparent. This condition has been responsible for a lack of cooperation and coordination between all levels of government and it has been a stumbling block for restructuring local government. Local politicians feel that by restructuring and amalgamating with their neighbouring municipalities that they are losing local control and political representation. This lack of cooperation is also having an adverse affect on economic development initiatives, especially in rural areas. The County's regional focus and its ability to deal with issues strategically requires that it take on an interventionist role in order to reduce conflicts between municipalities and work toward a strategy that will create an environment that will foster the positive conditions required to attract new businesses and jobs.

"A steady recognition and pursuit of the public good at the expense of all purely individual and private ends seems close to the core of civic virtue. Citizens in the civic community are not required to be altruists. In the civic community, however, citizens pursue what Toqueville termed "self-interest properly understood," that is, self-interest defined in the context of broader public needs, self-interest that is "enlightened" rather than "myopic", self-interest that is alive to the interests of others." ²⁵

²⁵ Putnam, Robert D., *Making Democracy Work - Civic Traditions in Modern Italy*, Princeton University Press, Princeton, New Jersey 1993

What is the County Role?

There are organizational structure implications that Counties need to deal with in establishing their role in Economic Development . Counties were established to provide regional services that are too expensive for individual municipalities to afford on their own. Counties operate on a levy which is charged to constituent municipalities and based on assessment levels. The “Who Does What” Panel states, “ ... *a strong upper-tier federation is urgently needed to cope with area-wide economic, environmental and social issues and new responsibilities being devolved from the province.* ” (Who Does What 1996) Economic development at a County level may be seen as interventionist by the local municipalities and not a service that would be equally beneficial to all jurisdictions. For instance, an argument could be made by a rural municipality that part of their County levy may be used to fund economic development in an urban area that may be of no benefit to them. In this respect, economic development initiatives at a county level may not meet with unanimous appeal, politically. This is one of conflicts that occur among local municipalities and is discussed below.

Is there an ideal organizational structure that we can use to effectively deliver a variety of services and functions? All indications point to the fact that Counties will be given strengthened status by the Province as evidenced in the findings of the “Who Does What” Panel and the increased authorities being handed down to counties such as subdivision and official plan approvals for the lower tier, municipal governments.

Is the geographic area that a county governs considered to be large enough to be efficient and small enough to retain a feeling of a “community of interest”? What constitutes a community of interest? Does it relate to the area in which a person can place a telephone

call without long distance charges? Is it a catchment area for school children attending elementary, high school or university/college or does it relate to the community in which a family does their shopping?

The reference about “community of interest” is being made here to illustrate that a “community” is not restricted to the municipality in which a person resides and pays taxes; it is usually bigger. Therefore it makes eminent sense that Counties maintain an upper tier local government authority and that such upper tier be interventionist when required for the betterment of an entire region.

Conflicts Among Local Municipalities

The parochial nature of County politics creates conflicts among local municipalities that can serve to undermine joint efforts between them. Local autonomy which includes political control and management is seen as a right that should be protected. Many small municipalities feel threatened by change and as such are reticent to agree to changes that may erode local autonomy. Some local municipalities do not have the wherewithal to carry out the many functions and responsibilities being downloaded by the Provincial government and economic development is seen as another area where local politics is giving way to bureaucratic decisions at the upper tier level of local government. In a study relating tax sharing to economic development conducted by Wright State University and the Dayton Area Progress Council, the investigators reported that area businesses believed *“intergovernmental rivalry and bickering resulted in a loss of business opportunities and contributed to internal image problems for the Dayton*

region."²⁶ The study concluded with the advice that local governments needed to cooperate and coordinate economic development efforts.

Fostering Cooperation

Cooperation and consensus building is a tough job amongst politicians who have very diverse agendas. Question period in parliament and in the provincial legislative assemblies, is a very clear example of the lack of cooperation in politics. But that is what party politics is; an adversarial approach to "keep the government honest." While local politics is not partisan, there are still diverse agendas apparent among and between the elected Councils. Economic development is an issue that does not always provide tangible results to local politicians. This situation makes it difficult for local Councils to continue to allocate taxpayers dollars to economic development initiatives, over the long term, when there may be no apparent results. This is a primary reason for moving economic development from the political realm and fostering organizations such as chambers of commerce, business improvement area (BIA) associations, the local Federation of Agriculture, and local economic development committees comprised of appointed members of the community, to take active roles.

Each of the groups mentioned above will include local business operators who understand business and future economic implications for their community. This process represents a new form of government, one in which local and senior levels of government can partner with non-governmental organizations for the betterment of the

²⁶ Pammer William J. Jr., and Jack L. Dustin, "Fostering Economic Development through County Tax Sharing", *State and Local Government Review* Vol. 25, No. 1 Winter 1993 pp 57-71

community and the region. In today's economic climate, business people do not want "government in their face" and so partnering, facilitating and providing resources is a way to encourage "buy-ins" and to foster cooperation. This is not a process that will happen overnight. It will take years, to get beyond the scepticism and to build a "trust" relationship. However, cooperation and coordination is needed if the County of Middlesex is to become a vibrant and focussed community of interest; a community where business wants to locate.

Summary

*There are few issues as close to the hearts of municipal politicians, administrators, and local citizens as expanding the economic base of their municipality.*²⁷ Middlesex County is no exception, but the County had to deal with a 25 percent loss of assessment in 1993 when the City of London annexed the Town of Westminster. In this respect there is an even greater resolve, not only to expand the County's economic base, but to regain assessment that was lost.

Even though counties have been in existence for 150 years this local government system is not well understood. Counties provide services on a regional basis such as welfare, libraries and roads, to mainly rural areas of southern Ontario. A vision for counties was set out by the "Who Does What" Panel which was to provide a stronger, two-tier county system of government with fewer lower-tier municipalities and a directly-elected county council. By giving Counties more responsibilities and supporting local municipal amalgamations, the province is attempting to regionalize services without changing the

²⁷ Kitchen, Harry M., " *The Role for Local Governments in Economic Development*," Discussion Paper Series, Ontario Economic Council 1985

title of the upper tier local government from "County" to "Region". (Regional Government is still viewed negatively by counties)

The London-Middlesex area has been affected by downsizing in the manufacturing sector but its location between Toronto and Detroit and the fact that it is within a days travelling time of the largest market area in North America, is a distinct advantage for firms that need to be close to their markets. The City of London, which is geographically located in the center of Middlesex County, is a separated City and exerts an overwhelming economic influence over the rural areas that surround it. While the City provides many jobs and other services to the outlying areas, it has held back the rural hinterlands of Middlesex County from achieving economic self-sufficiency.

The central issue that has been explored in this paper, is whether economic development should be carried out at the County level or handed over to local municipalities. This paper clearly argues that counties have a regional focus that transcends local municipal boundaries that can help foster cooperation and reduce local conflicts.

The political environment of local government makes it very difficult to define issues and to carry out rigorous analyses of such issues. This paper has argued that such analysis would waste time based on the limitations invoked by the local political environment. If we do not carry out an analysis of issues and define the problem(s) then local political leaders will need to be provided with accurate data on which to make decisions. Collecting data for small towns and rural areas can be difficult and in Middlesex County there are few studies that separate the County data from that of the City of London. The County has collected a substantial amount of its own data in a business directory and through background research as part of a comprehensive official plan program. The

County's data appears to reflect provincial trends for de-population in farming areas, an aging society, and small business growth.

Agricultural production and the County's proximity to a large, skilled labour force, excellent educational and medical facilities and a lower cost of living in small towns and rural areas are real strengths for economic development in Middlesex County. In contrast, the County's labour force still depends, to a large extent, on the manufacturing sector for work; a sector that has suffered from substantial downsizing. In addition, the proportion of the County's labour force working in the service industries sector, a sector which has shown the greatest amount of growth in recent years, is lagging behind the City of London and the Province of Ontario.

There are three major weaknesses to economic development in small communities in Middlesex County: a lack of focus on economic development, a strong reliance on manufacturing jobs and very few groups or associations such as chambers of commerce and business improvement associations, to promote small communities.

Opportunities may arise in the agricultural sector with the establishment of corporate farms and value-added agricultural products that may provide employment in rural areas of the County. In addition, the lower cost of living and absence of organized labour in many small towns is considered an advantage to new business start-ups.

Provincial funding cuts threaten small towns and rural areas due to their inability to raise sufficient funds through the assessment base. Branch plants employ a substantial number of workers in Middlesex County's small towns. This situation leaves these communities in a disadvantaged position should the branch plant close. In addition, the abolition of

the Farm Tax Rebate will make rural communities unviable. Small towns and rural areas will eventually need to combine into larger units to withstand these outside economic pressures.

There is limited authority for local government intervention in protecting the local economic base and attracting new economic development. Canadian legislation prohibits any form of financial inducement to attract new industry which is different from the U.S. where tax write-offs and financial incentives are used aggressively. In Canada more innovative ways of helping business establish have been utilized and these include: small business incubators, community futures, small business investment tax credits, and community development corporations.

Conclusion

The County has a role to play in overcoming the conflicts among local municipalities and fostering a sense of cooperation between them. In order to do this, economic development initiatives must be removed from the political realm and placed in the hands of local, appointed, business persons who will be required to take active roles.

*"The new development paradigm de-emphasizes the role of large corporations and the state in favour of local and regional self-regulating networks. These rest on norms of reciprocity, social trust and cooperation which permit collective action in the absence of strong institutions."*²⁸

²⁸ Keating, Michael, *Culture, Collective Identities and Development*, University of Western Ontario, Paper presented to a conference on culture and development, Leuven, 6 November 1996

Cooperation will not occur on its own. Intervention is required and the County of Middlesex will need to take a lead role in facilitating that cooperation. A County Economic Development Strategy is the next step in achieving that goal.

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