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Communities throughout Canada have been faced with economic problems as a result of global restructuring, national and regional recessions, and a reduced demand for primary resource commodities. Over the course of the past decade those communities have begun to utilize various forms of community economic development (CED) strategies to overcome local economic problems. Although CED has been interpreted in various ways, resulting in no single readily identifiable definition of the term, a few concepts seem to prevail throughout most of the interpretations. Generally, CED is a process which involves community members banding together to initiate their own solutions to their common economic problems. There are, however, several impediments to this bottom-up approach to economic development. Community Futures, a program sponsored by the federal government, has been designed to promote and facilitate CED by helping to remove some of those impediments.

The purpose of this thesis is to determine the extent to which a government program, namely Community Futures, can promote CED. A three part methodology has been used to accomplish this goal. First, a review of the relevant CED literature was performed to determine the goals of this approach to economic development and the impediments which exist. Four goals were identified: self-reliance, local control, institution-building, and equity. Self-reliance can be achieved through policies which decrease the level of economic leakages from the community and by recognizing the significance of the informal economy. Local control is a key element of the CED model. The goal is to increase the broader community's political control over the local economy through increased participation in community affairs. Local control
manifests itself in institution-building processes. Community-based institutions allow the community to better control its collective economic destiny and ensure equitable access to resources by all community members, through policies which decrease the level of economic leakages from the community and by recognizing the significance of the informal economy. Local control is a key element of the CED model. The goal is to increase the broader community's political control over the local economy through increased participation in community affairs. Local control manifests itself in institution-building processes. Community-based institutions allow the community to better control its collective economic destiny and ensure equitable access to resources by all community members. The impediments to bottom-up CED are: difficulty accessing financial resources, difficulty accessing information, and underdeveloped human resources. These are the impediments which government programs should attempt to overcome to facilitate the CED process.

The second part of the methodology consisted of a historic review of Canadian regional and local economic development policy to determine the nature of top-down economic development in Canada. This study found some of the relevant trends which have developed throughout the past decades, thus placing Community Futures into its appropriate historical context. Among the trends which emerged, we witness that policy: has been slow to develop; has lacked significant innovation; has traditionally been firmly controlled by the federal bureaucracy; has been influenced by political disputes at all levels; has been subject to the quantifiable, efficiency indicators which characterize the policy analysis approach to planning; and has regularly failed to meet its prescribed objectives.
Having analyzed the relevant theory and practice, the third part of the methodology studied the policy design of Community Futures to determine the program's ability to overcome the impediments to bottom-up CED and thereby facilitate the achievement of the goals described by CED writers. Eligibility requirements of the program, such as unemployment and minimum levels of economic infrastructure, restrict the ability of the program to operate comprehensively and be universally available. Other eligibility requirements, such as minimum population requirements and ministerial approval requirements tend to be counterproductive to the local control objective of CED. A positive effect of the program is its ability to facilitate institution-building through the use of a community-based Community Futures Committee. However, the ability of that committee to develop a community-based plan is restricted by the limited nature of the program and by the onerous procedural guidelines set by CEIC.

Five broad conclusions concerning government involvement in CED programs are drawn from the literature review, the historical review, and the Community Futures case study. First, top-down strategies do, to a degree, have the potential to promote the goals of CED by addressing the impediments to the bottom-up approach. Second, the state's potential ability to promote comprehensive CED is impeded by the scale and national focus of top-down programs. Third, the government's sectoral structure also acts as an impediment to comprehensive top-down CED. Fourth, programs which are considered to be bureaucratic innovations may not be substantially different from those programs which preceded them. And finally, quantitative techniques of analysis and evaluation which characterize the policy analysis approach to planning are not capable of assessing the success of communities in achieving the 'softer' goals advocated by CED proponents.
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I. INTRODUCTION

A. PREAMBLE

There are numerous approaches to economic development at the local level which could be considered "community economic development" (CED). This thesis will focus upon one particular approach. That model of economic development entails a process involving members of the community banding together to initiate their own solutions to their common economic problems. These solutions can be achieved through a variety of means. According to McRobie and Ross (1987), they "...may tend to rely on market forces or utilize government programs; but, most importantly, the results are purposeful and deliberate economic actions and structures representing the wishes of the community."

This model of CED is relatively recent. In North America it has only begun to develop as a field of study over the past decade. According to Stewart Perry (1980:1), in the United States ten years ago there were just sixty highly visible CED groups and "...only a dozen or so social scientists—economists, sociologists, political scientists, and the like—would say that they [had] ever explicitly or intentionally conducted a study in community economic development or taught a course in it." The majority of CED projects which have been initiated during the 1980s are generally regarded as bottom-up, grassroots undertakings. The approach involves local groups initiating and participating in comprehensive development projects. The success of such projects is considered to be dependent upon the initiative and participation of a broad cross-section of the community.
Although CED model is generally considered to be a bottom-up approach to development, increasing interest in the model is being shown by various levels of government. The recession of the early 1980s and the adoption of fiscal restraint policies by governments contributed to an increased interest in this approach to economic development. Several governments throughout North America have adopted CED-based programmes as a cost-effective means of encouraging local development. The Government of Canada is one such example.

In 1986 the Community Futures program was adopted by the Canada Employment and Immigration Commission (CEIC) as a means of allowing more community participation to take place in the implementation of federal economic development programs. It was established by the government in response to a perceived need for a more flexible economic development program, one which could be effectively moulded to address the needs and aspirations of individual communities. It was also designed in such a way as to promote long-run employment stability, particularly by encouraging entrepreneurship.

B. PROBLEM STATEMENT

This thesis will determine the extent to which a government program, namely Community Futures, can promote community economic development. This will be accomplished through an analysis of some of the positive and negative implications of Community Futures' contributions to CED. To accomplish this task it will be necessary to address three fundamental questions. These will represent the primary research questions addressed in this thesis.
The first question relates to the objectives of CED. What are the goals of CED as envisioned by the theorists? If the thesis is to determine Community Futures' strengths and limitations it will be necessary to evaluate the program within some form of analytical framework. The evaluative criteria which will constitute that framework are the goals of CED as expressed in the CED literature. To evaluate Community Futures, then, it will be necessary to first determine the goals of CED.

The findings of the second question will help to appropriately contextualize Community Futures. It will be important to determine: What has historically been the nature of federally sponsored, top-down economic development planning in Canada? Community Futures is the latest in a long line of federally initiated economic development programs. By studying the evolution of federal development practice, the thesis will allow us to better understand the direction from which federal policy has come and relevant trends which have developed. By addressing the above question the thesis will place Community Futures into an appropriate historical context, rather than viewing the program in isolation.

The third major research question to be answered is the central one of the thesis. What are the positive and negative implications of Community Futures' contributions to CED? Through an analysis of the structure and process of the program, with respect to the theoretical goals of CED, the thesis will determine the strengths and limitations of the program.

The thesis will also address a series of broader subsidiary questions which will provide us with a better understanding of the constraints and benefits which inherently
accompany any top–down strategy for CED. Specifically, it will outline some of the issues which arise when the state attempts to promote a process which is generally considered to be a bottom–up process. For example, if CED strategies are supposed to represent community values and aspirations, what is the role of the state? Can a government, whose values and goals are different from those of the community, be involved in CED without somehow perverting the process? Or conversely, can a government department use its available expertise to allow communities to better utilize existing resources, and thereby facilitate effective CED?

C. PURPOSE

Due to high levels of regional disparity which have existed in Canada, governments have traditionally been obliged to provide some form of economic development assistance to those areas in need. The forms which that assistance has taken have varied due to the social, political and economic circumstances, and prevalent economic development models of the era.

The purpose of the thesis is to illustrate the strengths and limitations of Community Futures, with respect to the program's ability to achieve the goals of CED as they are expressed in the contemporary literature. Specifically, how well can the program facilitate self-reliance, local control, institution–building and equity. The findings should be of practical use to both policy makers, whose role it is to develop such programs, and to local planners and community members who should be aware of the structural strengths and weaknesses of such top–down CED programs as they presently exist.
D. ORGANIZATION OF THE THESIS

Chapter two will begin by describing some of the more traditional models of economic development at the local level. This will contextualize the following, more detailed, description of the CED model and its goals. Following that description, chapter two will discuss some of the impediments to bottom-up CED. This will illustrate the rationale for government involvement in a model of development which is generally considered to advocate a bottom-up process. It will also illustrate the role government can play in facilitating effective CED strategies.

Chapter three will briefly describe and analyze the federal government's experience over the past four decades in local and regional economic development. By assessing the various stages of economic development policy, and the models of development which those policies have promoted, the chapter will place Community Futures in its appropriate historical context. This chapter will show that the practice of top-down economic development has evolved in a manner which, to some extent, parallels the evolution of development theory. The chapter will also illustrate some trends which have developed over the course of that evolution, and will thereby enlighten us to some of the characteristics of top-down policy in Canada which may affect Community Futures.

Chapter four will provide a critical analysis of Community Futures. By analyzing the planning process which has been developed by CEIC, the chapter will determine the positive and negative implications of the program for CED. Each of the major stages of the planning process will be assessed in terms of its effects upon the goals of
CED, as outlined in chapter two.

Chapter five will provide: a summary of the thesis' findings, five lessons which can be taken from those findings, some recommendations, and finally, some concluding remarks regarding the implications of those findings for planners.

E. SCOPE

Because a study of the various models of development theory and top-down economic development policy involves several bodies of literature, this thesis will primarily be concerned with defining the relationship between those various fields. Descriptions of the models and practice of development will necessarily be relatively brief. The purpose is simply to illustrate the main characteristics of the various theoretical and practical approaches to development.

As one analyst has found, due to the nature of CED goals, virtually all assessments of CED projects have been qualitative in nature, rather than quantitative (Perry 1980:26). The case study of Community Futures will be a qualitative study of policy design. As such it will assess the implications of the CEIC program's planning process and structure for CED.

This will primarily be a study in policy design rather than a study of policy implementation. The case study will focus upon the policy design of Community Futures, rather than how those policies have been implemented. The study will consist of a review of the procedural guidelines and the terms and conditions of the
program in relation to the CED theory.

F. DEFINITIONS

The terms top-down and bottom-up tend to be associated with a variety of development concepts in the theoretical literature. For example, Stohr and Taylor (Stohr and Taylor 1981:1) consider the top-down approach to have "...its roots in neoclassical economic theory and its spatial manifestation is growth centre concept."

For the purposes of this thesis the terms top-down and bottom-up will have a more generic meaning. Top-down strategies will simply be considered to be those which are initiated by the government, while bottom-up approaches are initiated from within the community.
II. LITERATURE REVIEW

A. INTRODUCTION

To evaluate Community Futures' contributions to CED it will be necessary to establish a set of normative goals of the CED model. By assessing the degree to which Community Futures successfully facilitates the achievement of those goals we can develop a better understanding of the strengths and limitations of the program. The primary purpose of this chapter is to outline the major goals of CED as they are defined in the relevant literature.

Before outlining the goals of CED, however, the chapter will distinguish the relevant CED literature from associated bodies of literature. The literature concerning economic development at the local level consists of a variety of development models, any of which could be considered CED. It will be necessary to identify the model upon which the Community Futures evaluation will be based. The chapter will begin by distinguishing the CED model relevant to this thesis from three more traditional development models; the top down, macro-economic management model, the smokestack chasing model and the local economic development model (Dauncey 1988:37–49; Boothroyd and Davis 1989).

The following section of the chapter will provide a detailed description of that development model which is the primary concern of this paper, the CED model. The distinguishing features and the goals of the model will be described. Specifically, this section will describe what proponents of the model mean when they refer to such
goals as equity, self-reliance, local control and institution-building.

Next, the chapter will discuss the impediments to bottom-up CED. The CED model referred to here is generally considered to be a bottom-up approach to development. However, in practice there exist several constraints upon the bottom-up approach, thereby necessitating some support from government. It is important to illustrate why it is difficult for communities to successfully achieve the goals of CED themselves. This will enlighten us as to the rationale for government programs such as Community Futures.

Finally, this chapter will briefly discuss some of the issues related to government involvement in CED. This last section will outline some of the benefits and dangers of government sponsored CED as perceived by CED writers. Specifically, how might government involvement affect the ability of communities to achieve the goals of equity, self-reliance, local control and institution-building.

B. TRADITIONAL MODELS OF DEVELOPMENT

The various approaches to economic development at the local level are characterized by a broad range of political, social and economic objectives which they seek to achieve. Boothroyd and Davis (1989) have developed a framework consisting of three distinct models; the smokestack chasing model, the structural change model and the community transformation model. Guy Dauncey (1988:37–49) has developed a similar, although broader, framework which consists of seven development models; the top-down, macro-economic management model, the smokestack chasing model, the local economic
development model, the community economic development model, the sustainable
development model, the organizational transformation model, and the planetary
transformation model.

<table>
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<th>TABLE I. Models of Economic Development at the Local Level</th>
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<td><strong>DAUNCEY</strong></td>
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<td>Structural Change</td>
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<td>Organizational Transformation</td>
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<td>Planetary Transformation</td>
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Sources: (Dauncey 1988:35–49; Boothroyd and Davis 1989)
This section will outline some of the more traditional approaches to economic development at the local level which are identified by those analysts. Three models will be described; the top-down macro-economic management model, the smokestack chasing model, and the local economic development model. By briefly describing the main goals and characteristics of the more traditional development models we can gain an understanding of those components of the CED model which are unique and are of primary concern to its proponents.

1. The Top-Down Macro-Economic Management Model

According to Dauncey (1988:38), the most widely pursued development model of the industrial age is the top-down, macro-economic management model. There are a variety of development oriented components of this model which a government may pursue. Government can promote local development by

...controlling inflation, removing impediments to trade, cutting taxes and/or borrowing where necessary to pursue public policies and to pump extra spending power into the economy, investing in the necessary infrastructural supports that an economy needs such as science and technology, research, education, training, health, roads and railways, and creating a stable financial and economic environment (Dauncey 1988:38).

A government's willingness to intervene into the economy and thereby pursue such measures is dependant upon its overall philosophical orientation toward intervention. In Canada, the non-interventionist view has been articulated most widely by neoclassical theory, while the more interventionist view is based upon Keynesian theory.

Thomas Courchene has been a prominent advocate of neoclassical solutions to regional development problems in Canada. Neoclassical adjustment theory regards market forces
as the most effective instrument of local economic development policy. According to neoclassicists, government intervention in the economy in the form of transfer payments and subsidy-based development programs creates a dependency relationship between the government and the recipient area (Courchene 1981:507). Under such conditions true "development" becomes impossible and the national economy is forced to operate at suboptimal efficiency.

Neoclassical adjustment theory considers market forces to be the appropriate mechanism for resolving disparities between different areas of the country (Courchene 1981; Savoie 1986:70). Areas suffering from high unemployment are considered to be in such a state because labour supply is not in equilibrium with labour demand. Accordingly, the labour surplus in depressed regions would be reduced if wages were allowed to fall. The market could then take advantage of lower production costs. Lower production costs would attract new economic activity from other areas of the country where production costs are higher. Similarly, local residents will be encouraged to migrate to other parts of the country where they may enjoy higher wages. Such adjustments would ensure an equilibrium in the supply and demand for labour.

This approach, then, assumes that the mobility of labour and the mobility of firms will ensure that the local economy will operate efficiently. Neoclassicists believe that reliance upon market forces will ensure that the national economy operates more efficiently than if government intervention in the economy sets artificial wage rates, and thereby disrupts the balance of the market.

According to Ross and Usher (1986:10), "...most post-World War II economic policy
until the late 1970s has been unabashedly of the Keynesian variety." The Keynesian approach considers intervention into the economy necessary when the economy is sluggish and unemployment is high. Budget deficits are incurred to allow the government to support the market through government expenditures. Transfer payments and public infrastructure investment are examples of Keynesian development policies which have been widely used in Canada (as will be illustrated in chapter 3). Conversely, when the economy is on the upswing and there is a threat of inflation, Keynesians consider it proper to incur budget surpluses to decrease the overall demand for products. The Keynesian philosophy asserts, then, that with some "fine-tuning", provided by the central government, the mixed-market economy can operate effectively.

Although there is no consensus regarding an appropriate level of intervention in the economy, there are several characteristics of top-down macro-economic policy which are common to the various ideological approaches. For example, local or regional development policy of this nature is directed centrally from within the government bureaucracy. Local input into the decision-making process tends to be limited to political lobbying (Wilson 1981:385). Also, programmes tend to be inflexible when dealing with 'individual' communities or regions. That is, they often take a 'cookie-cutter' approach to development policy (Savoie 1986:137).

Within the context of this thesis, the top down, macro economic management model is very significant. Community Futures is one element of the federal government's macro-economic policy. It is an attempt to integrate the top-down, macro-economic management model with the CED model, which will be outlined below. One of the purposes of this thesis is to determine the degree to which this integration of models
either facilitates or limits the ability of the CED model to achieve the desired goals.

2. The Smokestack Chasing Model

Historically, the federal government has taken significant steps to develop smokestack chasing policies as a component of their larger macro-economic policy. As Leo Klaassen noted in 1967 (1967:20), "...central government seem to be quite unanimous on the score that there is one way of solving the problem of regional inequalities, namely, to take new activities to depressed areas." Consequently, this model could be considered a component of the top down, macro-economic management model. Presumably Dauncey has distinguished this as a separate model, however, because it has also been actively pursued at the local level. Utilizing this model, communities themselves can take steps toward attracting business to their area, rather than simply relying upon macro-economic policy to solve problems. Throughout the 1960s, 1970s and 1980s individual communities actively sought to develop their own smokestack chasing strategies (Dauncey 1988:39).

The goal of smokestack chasing policies is quite simply to attract large employers to an area. The community benefits from direct payments for labour and, depending upon the size of the local income multiplier, it benefits from the recirculation of money through the local economy. Also, the community will benefit from any secondary industries or support services which are established or expand as a result of the newly located industry.

Strategies to attract industry to a particular area are usually based on some form of
location theory. In 1956 Isard argued that functional integration of the space economy would take place inevitably due to the logic of locational decision making (Weaver and Gunton 1982:10). Consequently, smokestack chasing theory focuses upon the factors affecting firms' decision-making processes.

Although their theories differ, such noted location theorists as Alfred Weber and Edgar Hoover are in general agreement regarding the basic factors affecting industrial location. They consider transportation factors to be the most important (Greenhut 1957:17). Other factors usually considered by industries are; labour availability, labour costs and stability, power, fuel, water, tax and labour laws, climate and livability (Yaseen 1960). Strategies which communities and higher levels of government develop to attract industry are designed to exert a positive influence on the various factors affecting the locational decisions of firms.

Edgar Hoover (1948:251–265) has outlined a variety of tools which are at the disposal of public policy-makers for the purpose of enticing firms to an area. He states that one of the most commonly used types of locational incentive can be provided through the government's influence on taxes and public expenditures. Higher levels of government can also affect the transportation costs of a firm since most water, air, rail and road transportation has been provided at public expense. Among the other governmental tools which Hoover describes are: its ability to provide investment capital, its influence on wages and labour mobility, land use zoning, and government's ability to affect prices and pricing practices. Local governments are generally restricted to offering tax credits, land subsidies and zoning benefits.
Governmental development policies which provide locational incentives to firms, such as growth centre strategies, tend to conform to the functional integration concept of development, described by Friedman and Weaver (1979). Development of local areas, within a functionally integrated framework, is viewed within the context of national economic interests. As those analysts have stated,

...this meant entering the route to progress through specialization in those activities for which a region was specially suited. Such a geographic division of labour would provide the initial ante for new areas to start the game, leading in time to economic diversification and increasing prosperity (Weaver and Gunton 1982:9).

Policies based upon such theories as Growth Centre Theory, or Central Place Theory, are typical of the functional integration approach to development (Shin 1989:16). The integration of a community or region into the national space economy is seen as a means by which both the local area and the nation as a whole can benefit. However, according to critics, benefits to nation are not always compatible with local needs and concerns (Friedman and Weaver 1979; Weaver and Gunton 1982).

In summary, then, the smokestack chasing model is based upon the attraction of external firms to a given area by influencing the factors upon which locational decisions of industry are made. Often areas will attempt to attract only those industries to which the area is specially suited, thereby functionally integrating themselves into the broader national economy.
3. The Local Economic Development Model

Whereas the smokestack chasing model is characterized as an outward looking approach to development, the local economic development model is inward looking. Within the framework developed by Boothroyd and Davis (1989) this model, like Dauncey's community economic development model, is considered to be an approach which concentrates upon structural change of the local economy. Rather than looking to external firms as a source of revenue, this model attempts to develop the endogenous elements of the local economy. This approach is based upon studies, such as that done by David Birch, which found that,

...the fundamental difference in levels of economic activity from a declining area to a growing one is the rate of births and expansions of young, small firms (Daniels 1979:29).

Consequently, the local economic development approach "...begins by identifying that major source of job creation ignored by traditional development policies—capital access for small firms—and seeks to channel their growth in distressed areas (Daniels 1979:29)."

In Canada, William Coffey and Mario Polese have been among the strongest advocates of policies promoting this development model. They identify "development" as being the key concept of this approach and define development as, "...a process of economic growth, accompanied by a structural shift, that is long term and irreversible (Coffey and Polese 1985:86)." Local development is, then,

...locally induced economic growth, occurring within the context of the existing free market system. [It is] a particular form of regional development in which endogenous or local factors play a principal role; thus, the term 'locally
based' development is equally appropriate (Coffey and Polese 1985:86).

One of the primary components of this approach to economic development is the stimulation of local entrepreneurship. One analyst, writing at a time when the local economic development approach was just becoming 'mainstream', noted that conventional economic theories of development had only a limited conception of entrepreneurship (Mathews 1981). He argued that development theories needed to establish a better understanding of the factors influencing entrepreneurship, if local economic development policies were to be successful.

Policies promoting local economic development, then, tend to focus their attention on the development of local enterprise, encouraging people to start new businesses and providing assistance to existing businesses to help them to expand (Dauncey 1988:40).

C. THE COMMUNITY ECONOMIC DEVELOPMENT MODEL

The community economic development model, which is the focus of the thesis, rejects many aspects of those approaches to development which are described above.

Like writers of the local economic development literature, community economic development proponents are averse to the functionalist approach to development commonly taken by advocates of the top-down macro-economic management model. CED writers favour policies which support a more territorial approach to development (Friedman and Weaver 1979). The territorial development approach considers that,

...the first stage objective of development should be the satisfaction of basic
needs; that development should be organized on a territorial basis; that questions of production and distribution should be jointly solved; and that the resource base for the development of productive forces must be continuously expanded (Friedman and Weaver 1979:194).

This approach is largely a reaction to the failings of the functional integration approach to development. As Weaver and Gunton (1982:22) state, "...the central argument is that functional economic power, removed from the control of territorial authority, will likely exacerbate the social and geographical inequities inherent in polarized development." According to the territorial development concept, then, concentration upon local needs should include the development of local political control. Traditional forms of bureaucratic control associated with the top down macro-economic management model have, according to CED writers, been ineffective in meeting development needs. As one writer states, "...conventional public provision of social services is constrained by the very complexity of centralized and bureaucratic delivery systems (Love 1982:15)."

CED proponents have a similarly critical view of dependance upon exogenous economic forces, to which the smokestack chasing approach contributes. Hazel Henderson (1990:8) is one writer who is critical of the approach, stating that,

...if you try to use the old idea of economic development, which tends to be based on accountants' ideas of what a good business climate would be: cheap land, cheap labour, low taxes, few environmental regulations and right-to-work laws, this was how you could lure some Korean automobile assembly plant to come and locate in your province and they'd come riding over the hill like a white horse and save you.

Stewart Perry (1989:6), another critic of the approach, has identified a variety of factors which contribute to the inappropriate nature of smokestack chasing policies. Among them, he states that the approach places the community in a dependant
position, both industrially and psychologically. Also, he identifies lack of local control as a problem, stating that external ownership has proven to be risky and points to several cases of abandoned communities as evidence (Perry 1989:7). As well, Perry notes that locally-owned companies tend to offer more jobs to the community than do absentee-owned companies.

CED proponents also point to the evidence showing that locational incentives have had very little impact upon the locational decisions of industry. For example, Harrison and Kanter (1978:425) found that,

...with very few exceptions, the empirical literature fails to reveal significant plant relocation or expansion resulting from (or even correlated with) differentials in state business incentives.

CED writers, then, like the local economic development proponents, view the local area and local resources as the necessary focus of economic development strategies.

Although both the local economic development model and the CED model can be considered structural change models (as defined by Boothroyd and Davis), Guy Dauncey makes a distinction between the two approaches. Community participation in the local economic development model usually consists of the participation of two segments of the community, local government and business (Dauncey 1988:43). The CED approach, on the other hand, considers involvement of the broader community in the planning process essential. Dauncey (1988:43) states,

...through community economic development (CED), ordinary people who have always depended on someone else to develop their jobs and houses and to undertake economic planning begin to take these responsibilities themselves, taking their reality into their own hands.
Consequently, it is felt that the entrepreneurial development strategies proposed by local economic development writers should be approached as a collaborative effort by communities, rather than individually. Michael Clague (1984:4) illustrates this sentiment by stating,

...the world of the last two decades of this century is clearly entrepreneurial. What is not resolved is whether entrepreneurial initiative is going to be characterized by essentially self-interested actions (survival of the luckiest) or by collaborative efforts for individual and collective well-being.

The CED model considers that strategies which concentrate upon job creation and contributing to the material prosperity of areas through the promotion individual entrepreneurial initiative fail to consider some of the broader social issues facing the community. The focus of this model, then, tends to be upon the community as a whole as opposed to individuals within the community.

The CED approach generally considers "community development" to be integral part of community economic development. "Community" tends to be considered in either the geographic sense, or in the interest-oriented sense of the word. Chekki's (1979:6) definition is representative of the geographic view of "community" as

...a social system composed of people living in some spatial relationship to one another, who share common facilities and services, develop a common psychological identification with the locality symbol and together frame a communication framework.

Communities of common interest which are not necessarily geographically associated are also considered by CED writers. Hayden Roberts (1979:167) defines this concept stating that,

...the concept of community relates not to geography and location but to
shared interests and common objectives of groups of people, who may or may not be situated in a definable locality but who are in communication with one another.

Whether the community in question is geographically defined or defined by some common interest, the most important aspect of 'community', according to CED writers, is that the community is self-defined. As one writer states, "...this on-going process of self definition is in fact the very base from which a community generates and grows (Love 1982:3)." This idea of self-definition is in contrast to many political definitions in which a geographical community or a community-of-interest are functionally defined by non-members.

As in the case of the local economic development model, "development" is the primary goal of this model. However in this case, development refers to both the development of the local economy and the development of the community's capacity to plan their collective economic destiny. Chekki's view of "community development" is one which CED proponents view as being critical to the CED process. As Chekki (1979:9–10) states,

...the central credo of community development is to develop the competence of a community so that it may confront its own problems...It is the great challenge of community development to effect community self-determination – the initiation, planning and organization of services, programmes, and encounters designed at the community level and in which every member may, if he so desires, assume a meaningful role.

This definition illustrates that local political control and broadly based institution-building processes are essential requisites of community development. It is this interpretation of community development which is shared by CED writers.
D. THE GOALS OF COMMUNITY ECONOMIC DEVELOPMENT

Boothroyd and Davis (Boothroyd and Davis 1989) have stated that the goals of their structural change model are: equity, self-reliance, local control, and institution-building. These are the basic goals of both the local economic development model and the CED model as they are described by Dauncey (1988:39-45). The difference between the two models is the means espoused by the respective writers of achieving those goals. The remainder of this section of the chapter will elaborate upon the significance of each of these goals of CED. It will be important to fully describe the goals as they will represent the analytical framework upon which the Community Futures program will be evaluated.

1. Self-Reliance

Self-reliance is a goal which is common to both the local economic development model and the CED model. It is the guiding economic principle of those models advocating change in the structure of the local economy. As Wismer and Pell (1981:6) state, "...when a community group begins to talk about...self-reliance, it begins a process of community economic development."

The self-reliance objective of CED strategies is significant in several parts of Canada where economic instability is common due to the widespread existence of single-industry towns. As Michael Decter (1989:1) notes, "...these communities represent one of our nation's major economic strengths -- yet they are extremely vulnerable." Development of a diversified local economy is seen as a means of reducing both
seasonal and cyclical fluctuations in the local economy. Michael Clague (1985:1) notes that,

...locally initiated diversification is seen as a way that dependance on single sector resource exports can be reduced and a means by which people, through their own initiative, can contribute to personal and community economic development.

Self-reliance and stability, then, are two very closely linked concepts in the CED literature.

According to the literature, self-reliance tends to be the major economic goal of CED strategies. Other goals such as local control and institution-building are more political in nature and are seen as means of achieving economic self-reliance. The concept of self-reliance has been interpreted in various ways by CED writers. Wismer and Pell (1981:6) describe their interpretation stating,

[self-reliance] means jobs, but it also means decreasing dependence on outside sources of goods and services, by finding ways to provide such things as food outlets and medical care locally. In addition, greater self-reliance for the project itself is important, so that it is not dependant on outside funding sources.

This definition illustrates three important aspects of the self-reliance concept. First, development of the local economy will decrease the level of economic leakages from that economy, thereby increasing community wealth. Second, increased wealth can help to provide the community with an improvement in local social services. Third, this process should take place in a manner which does not create dependency upon government programmes. To achieve the self-reliance goal, then, communities seek to develop local businesses which will contribute more than just wealth to the community. As Greg MacLeod (1970:133) states,
The basic criteria for any business venture must be that it is viable (pay its own way) and that it will improve the community beyond the creation of jobs.

The development of appropriate sources of wealth is the key to community self-reliance.

One of the major goals of CED self-reliance strategies is to create jobs for community members. The literature illustrates that jobs created through local initiative are preferred to those created through smokestack chasing strategies. Jobs created by externally owned industries tend to be less secure than jobs created by local entrepreneurs (Perry 1989:7). Also, according to Stewart Perry (1989:7), locally initiated and controlled businesses will tend to offer more jobs to the community than absentee-owned companies and those jobs will tend to be more personally gratifying.

One analyst has identified three separate factors which contribute to a lack of community wealth (Davis 1989). First, there may not be a sufficient flow of money into the local economy. Second, there may be excessive leakages from the local economy. And third, the community may not be organized enough to take full advantage of existing economic opportunities. Strategies which attempt to develop greater self-reliance tend to focus upon the second problem, economic leakages from the area. Four sources of leakages from the local economy are imports, savings, taxes and migration out of the area.

The task of reducing economic leakages can be approached in a variety of ways. For example, a community may develop an import substitution strategy as a means of reducing leakages caused by importation. As Davis (1987:18) states,
import replacement potentially benefits the community in the long run by contributing to economic diversity which may in turn promote increased economic stability and resiliency, by increasing local ownership of resources which may in turn contribute to a greater measure of control by the community over its economic fortunes, and by adding to local production which may later lead to increased exports.

Such strategies usually attempt to provide: information regarding potential production possibilities, low interest financing and business advice and support to potential local entrepreneurs (Davis 1989). Often related to such strategies are "buy local" programs which persuade community members to purchase locally produced goods and services. Communities may also lobby government to buy locally as a means of increasing the community's exports (Davis 1989).

Communities may attempt to reduce leakages caused by savings by initiating a community-based credit union. As one writer defines them, "...credit unions are cooperative organizations with an organizational structure which is responsive to the membership, or "community", and a philosophy of self-help (Eberle 1987:69)." In theory, credit unions are more likely to ensure that money is used within the community rather than elsewhere.

Leakages caused by outmigration can be reduced by providing community members with the increased employment opportunities resulting from the development and diversification of the local economy.

One feature which distinguishes the CED concept of self reliance from the local economic development model's concept is the recognition of the informal economy. CED writers consider it unrealistic to consider only those types of work which
contribute to the Gross National Product as being economic activity. It is felt that the household and community sectors should be recognized and supported along with the resource sector, the manufacturing sector, and the service sector (Vanier Institute 1978:13). As the Vanier Institute of the Family (1978:13) stated in one report,

...in reality the whole economy - the patterns by which all goods and services are produced - can only be fully seen and adequately understood if we include all five of these sectors. Moreover, the household sector and community sectors are the foundation on which the formal economy superstructure rests.

Voluntary community service work and household work, although not measurable by traditional economic models, can provide wealth and well-being to a community.

According to CED writers, the level of informal activity which occurs in the whole economy is significant enough that it should be supported through appropriate policies. This will have a beneficial impact upon the self-reliance objective of communities. As Ross and Usher (1986:100) note,

...If perhaps the equivalent of as much as 50 percent of recorded GNP is conducted legally outside of traditional accounting frameworks, we cannot simply focus upon GNP and its derivatives as performance indicators and honestly claim to be developing current policy responses for the entire economy.

Examples of appropriate policies which would strengthen the informal economy are; the establishment of local currencies, encouragement of worksharing strategies among local employers, ensuring that people have access to physical spaces where they can develop their crafts and skills, an increase in local educational opportunities (Dauncey 1987:130).

The economic aim of CED strategies is, then, to develop the structure of the local economy, mainly by decreasing leakages. Yet, that development must occur in a
manner which is compatible with the social needs of the community. The recognition by CED writers of the importance of informal activity illustrates their concern for social well-being, which is less evident in the more traditional economic development models.

2. Local Control

Friedman and Weaver (1979:203) have stated that "...self-reliance requires self-finance, and self-finance calls for self-government." Although the call for self-government is a component of native CED strategies throughout Canada, it is not the norm. Increased community control of local affairs is, however, considered essential to effective CED.

The goal of increasing local control of the economy distinguishes the CED model from the local economic development model. Although the local economic development model also seeks increased local control, it does so in a different context. As Dauncey (1988:43) states,

...by starting with a model of development and a partnership which includes only two segments of the community as a whole (local government and business), the problems of economic inequality, poverty and community collapse are left basically untouched.

Whereas the local economic development model considers local control in terms of "economic" control, the CED model considers the goal in a more political sense. Local control is considered to mean control by the broader community. Friedman and Weaver's territorial development concept provides a theoretical basis for this approach (Weaver 1978; Friedman and Weaver 1979; Weaver 1984). As Clyde Weaver (1984:14)
stated,

...the main obstacles [to regional development] are political and ideological, and these can be confronted through a democratic strategy of regional political organization and concerted action.

Participation in the development process by community members who are usually excluded from such matters is considered essential. Weaver (1984:14) continues, by stating that

...the health and well-being of a local community are seen within the context of the broader political economy, but, to succeed, regional reconstruction must be accepted as fundamentally a local task, based on democratic consciousness, solidarity, cooperation, and struggle.

This approach, then, tends to be more 'progressive' than the local economic development approach.

As described above, a fundamental aspect of the local control objective of CED is self-definition. Given that "community" entails a shared set of interests, perceptions and objectives, it is felt that once self-defined, a community can effectively work together to achieve its collective goals. This, however, seems to presuppose that community members are willing to become active in defining themselves, their collective goals, and acting to achieve those goals through participation in CED processes. Part of the "community development" component of CED processes is the mobilization of community members in the interests of local control. As one writer states,

...community development is a movement designed to promote better living for the whole community and active participation, if possible on the initiative of the community, but if this initiative is not forthcoming spontaneously, by the use of techniques for arousing and stimulating it in order to secure its active and enthusiastic response to the movement (Anonymous 1958).
By mobilizing community members to take a more active role in determining their destiny, the CED approach attempts to empower the community.

3. Institution-Building

Institution-building tends to be the most significant goal of the CED approach. Stewart Perry (1989:27) illustrates this significance, stating that, "...the key feature of the community-based approach is the continuing deployment of ideas and energy inherent in institutions like CDCs; and so those institutional forms need to be promoted and supported."

The local control objective tends to manifest itself in processes of institution-building. Perry (1980:6) illustrates this by noting that,

...the value preferences in CED require institutions that participate in the life of the community to be made responsible for it...[That is] an essential part of its self-determination.

Without such community-based institutions communities will not be able to confront and act upon problems which affect them.

Also, community-based institutions play a unique role in addressing the self-reliance goal of CED. As Perry (1980:9) notes,

...in the context of CED, "economic development" has to be recognized in a very special sense. It is meant in the sense of institution-building...economic development means here a process of creating or vitalizing the special social patterns of interaction that have an economic output -goods and services. In short, the emphasis is on the tools for producing the economic output, not just the output itself.
Developing appropriate institutions, such as community development corporations, is essential, then, to the success of such self-reliance strategies as import substitution.

There are a variety of institutions associated with the CED model, each of which attempts to facilitate the CED process. Examples of such CED institutions are community development corporations, co-operatives, business improvement areas, local exchange trading systems, community service organizations, credit unions, and resource co-management organizations. According to Greg MacLeod (1970:131), these institutions are generally characterized by two common features. They are:

1. dedicated to the community good rather than the private gain of the members.
2. independent of government and controlled by local people reflecting the community interest.

MacLeod's assertion that such institutions are "independent of government" is contrary to other definitions which state that they may take advantage of government assistance (McRobie and Ross 1987:Appendix 1). MacLeod does illustrate, though, that CED institutions are community controlled and should benefit the entire community.

4. Equity

The objective of CED institutions to benefit the entire community is reflective of the equity goal of the CED model. As Stewart Perry (1980:5) states, "...c.e.d. is a program to redress inequities and exploitation." According to the CED literature, however, the term "equity" seems to have a distinctive meaning.
Usually the term "equity" refers to an equitable distribution of income among the population in question. This concept of equity can be measured empirically through the use of Lorenz curves which show the percentage of the total community income which is held by any given portion of the population. The CED literature, on the other hand, tends to refer to equity in terms of equitable access to resources. Much of the literature portrays CED strategies as reactions to inequitable access to resources within the community. For example, Michael Clague (1985:8) states,

...access to skills and resources required to successfully launch local enterprises is very uneven at present. Most information, advice, training and financial services are geared towards the established business and community sectors. They are not structured so as to effectively assist interests such as women, young people, the handicapped or low income and poor people.

CED strategies tend to identify equitable access to resources as a goal. This is illustrative of the self-help orientation of the model. Once achieved, community members will be able to decrease income disparities through their own effort. As Wismer and Pell (1981:6) assert, "...by working locally, and by giving equal priority to economic social and cultural goals, c.e.d. organizations try to combat this problem of inequality." However, CED writers do not identify any empirical means of measuring disparities in the level of access to resources.

The role of the various CED related institutions is to provide more equitable access to the resources required for individual and community development. CDCs for example, provide financing, advice and business support to those in the community who would otherwise not be served by the chartered banks or any other lending institution. As Dorsey and Ticoll (1984:22) note,

...to serve these special interest group needs, CDCs try to redefine the
standard societal economic model of acceptable activities and processes to include priorities and cultural imperatives of the community, and redefine the measurement of rewards and results likewise.

An evaluation of any CED program should, then, take into consideration the accessibility to resources of those who would otherwise not be helped.

E. IMPEDIMENTS TO BOTTOM-UP CED

Thus far, this chapter has distinguished the CED model from other, more traditional, models and has outlined the goals of CED. The model has been characterized as one which requires local control through broadly-based, grassroots participation in the planning process. The theory and practice of CED focusses upon community initiated and controlled solutions to local economic problems. There are, however, challenges facing communities which are difficult for communities themselves to control, given their lack of endogenous resources. As Wes Shera (1986:126) states,

Community economic development projects are, however, not a panacea and they do experience a range of problems. These include the same problems faced by small businesses: high interest rates, increased competition, reduced consumer spending etc.

Such challenges represent the rationale for government involvement in CED strategies.

By discussing the impediments to bottom-up CED, we can develop an understanding of the functions a government program should be performing in its support of CED. By helping to remove the impediments to CED, a government program should be facilitating the achievement of those goals discussed above. Community Futures, then, should be providing services which reduce the impediments to CED, while also
facilitating the achievement of the goals of CED.

There seems to be consensus among the various analysts as to the primary impediments to bottom-up CED. Several writers have identified three separate barriers: problems accessing financial resources, problems accessing information, and underdeveloped human resources (Daniels 1979; Decter 1989:35–39; Perry 1989:4; Coffey and Polese 1985:85–93; Eberle 1987:37; Perry 1980:33; Shera 1986:126).

1. Financial Resources

As illustrated above, the CED approach to development is largely a reaction to inequitable accessability of resources. Access to financing has been a longstanding impediment to development of communities. As Shera (Shera 1986:126) notes,

...access to financial resources is a continuing problem. Excessive time can be spent negotiating with resistant financial institutions or seeking funding through a labyrinth of bureaucracies. Resource seeking at the local level can be especially frustrating in hard times.

Belden Daniels (1979:27) argues that availability of capital is a far more significant problem to small firms than is the cost of borrowing. According to Daniels, the cost of borrowing represents only a minor percentage of the cost of doing business and can usually be easily be absorbed by entrepreneurs. Access to capital, on the other hand, is beyond the capacity of small entrepreneurs to control.

Daniels (1979:30) attributes the problem to the "...growing capital market failures and constantly increasing concentration of assets in worldwide capital markets." A result of this trend has been that most available capital is usually only lent to large
corporations, in spite of evidence showing that small manufacturers tend to be more profitable than large multinationals. This enormous impediment to acquiring funds is, according to Daniels (1979:32), "...a difficulty that appears remarkably unjustified by differences in rate of return and risk."

2. Information

Coffey and Polese (1985:89) have stated that, "...the need for capital goes hand in hand with the need for business aid and advice; the new entrepreneur frequently lacks an adequate background in sound management practices." Access to information and business advice is another constant problem for communities seeking a development strategy or individuals within a community who are attempting to build a business. The problem stems from the fact that, "...in cold economic terms, information costs - the efforts required to obtain information - are infinitely higher in the periphery than they are in the centre (Coffey and Polese 1985:89)." Isolated communities are at a disadvantage when compared to those communities which are close to the urban core.

There are a variety of measures which a community can pursue to minimize the knowledge impediment. Michael Decter (1989:35–36) notes a few options which might provide the community with necessary business information. For example, a community might seek to enlist the volunteer support of skilled corporate executives. It may look to communities in similar situations for ideas. Decter also identifies new information technologies as a potential source of development related information. However, though these approaches may provide some new knowledge, communities may not have the necessary level of organizational capacity to implement them.
3. Human Resources

According to Michael Decter (1989:37-38), there are two common human resource impediments to CED:

First, there is a need for leadership training to assist with the enhancement of community leadership capacity, and, second there is a need for skill training to allow the existing workforce to adapt to the requirements of new businesses or industries.

Shera (1986:126) echoes this view stating that, "...to be successful a wide range of management skills is needed interpersonal skills for working with others in a democratically run organization, and technical skills for budgeting, planning, etc." With regard to the CED model the first of those needs, leadership and organizational training, is particularly important. Community organization and control is dependant upon the organizational skills of community members. If communities are going to develop local control through institution-building processes, they will require the necessary skills to do so. This human resource development process is often referred to as local capacity building. This process is essential to the CED model of development. As one report states:

...the major requirement in rebuilding communities in decline is the development of local capacity in terms of the skills, expertise and capital so that a community can begin to deal with its own problems. As a community begins to deal with its own problems, self-confidence grows and the community begins to regain its viability (Brodhead, Decter and Svenson 1981:19).

Communities which are not accustomed to organizing themselves will often lack the necessary local capacity.
The second focus of human resource development relates to the development of individual skills needed to operate and work in new businesses. Entrepreneurial and management skills, which tend to be in short supply in rural communities, will need to be developed.

Government programs which seek to pursue CED strategies should concentrate upon removing these impediments to development faced by communities. By providing access to capital, information, and human resource training, in an appropriate manner, governments can play an active role in the CED process.

F. GOVERNMENT INVOLVEMENT IN CED

Although CED writers criticize the overly interventionist and functionalist approaches traditionally pursued by government, they also recognize the need for appropriate forms of government support. In fact, some writers consider government support to be essential. As one analyst notes,

There is a danger that CED could inherit the responsibilities and be given neither the mandate nor the resources to respond adequately to the social and economic problems created by the depression of the 80s. Thus by default CED may be expected to fill the service gaps created by government cutbacks. CED might be expected to carry the major responsibility for providing employment for the hard to-employ. CED might be faced with doing all these activities and doing them with poorer working conditions and poorer standards of service. If this were to become the case neither the goals of CED nor the more traditional aspirations of local community economic growth would be properly served or realized (Clague 1986:Sec. I p.7).

Recognizing the need for government support, CED writers argue that the role of government in the CED process must take a specific form. Macro national concerns
should become secondary to local concerns. It is felt that if communities are provided
with an opportunity to develop as they desire, the nation as a whole will eventually
benefit. Consequently, government policy should play a facilitation role in the process
of community economic development. As one writer states,

...government from this perspective is neither simply a referee among
competing interests in a random marketplace of winners and losers nor an
omni-present intervener in people's lives. It is a means for people
themselves to act in mutual support and enterprise and in the process
strengthen the democratic experience (Clague 1986:Sec II. p. 2).

To perform this role, governments will need to change the manner in which they
have traditionally approached local development issues. The goals of policy should
support the goals of CED as they are described above. The Yukon 2000 development
initiative has shown that it is, in fact, possible for government to develop goals which
are supportive of CED. The four major goals of that program are:

1. Ensure that the Yukon is a desirable and worthwhile place for people to
live and work so that they have the option to stay there.

2. Development must support an acceptable quality of life, as Yukoners
themselves choose to define it.

3. We must work towards equality of opportunity.

4. Yukoners want and intend to have greater control of their future –
including future economic development (Decter and Kowall 1989:10–11).

The Yukon 2000 goals are consistent with what Stewart Perry (Perry 1989:25) considers
to be the most significant lesson from U.S. research, "...that community economic
development must be carried on under local direction, according to local priorities, and
mobilizing local resources first."
Realizing those goals, however, will require a major change in the traditional manner in which government development assistance has been offered to communities. As Perry (Perry 1989:26) notes, "assistance is generally offered only so long as the peripheral-area recipients will accede to detailed core-area decisions on how the assistance is to be used." Government administrators will need to provide communities with a high degree of local autonomy. As will be shown in chapter 3, federal bureaucrats in Canada have traditionally been unwilling to part with such authority. This represents a major challenge for programs, such as Community Futures, which attempt to pursue CED based strategies. As well as directing programs towards the goals of CED, governments will need to change the basic structure of those programs.
III. ECONOMIC DEVELOPMENT POLICY IN CANADA

A. INTRODUCTION

The purpose of this chapter is to address the second major research question of the thesis, as outlined in chapter one. It will be important to determine: what has historically been the nature of federally sponsored, top-down economic development planning in Canada? This will establish an appropriate context within which Community Futures can be evaluated. Community Futures is not the federal government's first attempt to promote development at the local level. It is simply the latest of several federally sponsored development programs. Rather than assessing the program in isolation, it is useful to understand the historical context within which this approach to development became federal practice. Hence, a brief analysis of the evolution of development practice should accompany the discussion of the evolution of development theory which appeared in section 2.2, because, as Friedman and Weaver (1979:3) note, "...without practice, doctrine would remain a barren thing."

The practice of regional and local development planning in Canada is commonly characterized as a series of failures in policy design and implementation. Community Futures is a direct descendant of a broad range of regional and local economic development programs which have failed to achieve their proposed goals. Several studies have shown that there has been virtually no reduction in the level of economic inequality between the less developed peripheral areas and the core areas, except insofar as increases in transfer payments have helped to lower the gap in per capita incomes (Beale 1989:17). By studying the nature of programs such as FRED
and DREE, and the reasons for their failures, we can develop a better understanding of the influences affecting Community Futures.

B. THE STAGES OF DEVELOPMENT PLANNING IN CANADA

Four stages of development policy will be identified. They will be referred to as: the compensation stage, the transitional stage, DREE's growth pole stage, and the local economic development stage. The evolution of federal development policy through these stages has, to some extent, paralleled, the evolution of development theory as outlined in section 2.2.

1. The Compensation Stage

The first major stage of development policy in Canada is generally regarded to be that which occurred prior to 1960 and provided compensation to underdeveloped areas. Discussion of this stage will be brief because "development" of local economies was not the goal of approaches associated with this stage of Canadian policy. A study of this stage is significant, however, because the provision of compensation for "backwardness" has been a major element of federal development policy since the 1930s. This approach is representative of the Keynesian top-down, macro-economic management model described above.

The compensatory period began during the 1930s when a Royal Commission on Dominion-Provincial Relations (the Rowell-Sirois Commission) investigated the declining sources of revenue available to provinces due to the cost of unemployment relief and
other social services (Brewis 1978:217). The federal government realized that it was necessary that there be a redistribution of wealth, targeted at certain sections of the country, so that provinces could provide citizens with a reasonably comparable level of basic services. Within the next few years Ottawa began to develop expenditure programs, such as unemployment insurance programs, family allowance, national housing, and the Farm Improvement Loans Act (Lithwick 1985:122). As Lithwick (Lithwick 1985:123) notes, until the end of the 1950s "...Keynsian policy provided substantial stability, and the public sector investments undertaken stimulated the transformation of the Canadian economy itself." Public investments included such projects as the Trans Canada Highway, airport development, telecommunications and the initiation of the Trans Canada Pipeline.

During this period development strategies which focussed upon sub-provincial units were few. The Job Corps Program of the 1930s and the Winter Works Program of the late 1950s were the only programs targeted at the local level. Both were initiated during recessionary periods (Brodhead, Decter and Svensen 1981:3). These programs, however, were designed only to provide short-term employment for individuals until the market recovered from its temporary slump. There was confidence that market forces would prevail, and once again provide healthy levels of employment in peripheral areas. The government had not yet realized that there were significant structural problems in several parts of the country. As Weaver and Gunton (1982:11) note, "...it was not until the 1960s that Ottawa finally accepted that strong national economic growth and transfer payments from rich to poor regions of Canada would not adequately deal with regional disparities."
The primary developmental concern during this period was national development, as opposed to any concerns of local self reliance. The entire nation would be able to share in national development through transfer payments of various forms. Equity, then, was considered in terms redistribution through transfer payments and public investment. Peripheral areas were offered equitable compensation, rather than equity of access to development-oriented resources. Control over the various compensatory policies rested almost entirely at the federal level until 1957 when the first federal-provincial tax sharing agreement entrenched the concept of equalization, thereby contributing to the power and autonomy of the provinces (Lithwick 1984:124). Development, as the CED model defines it (self reliance, local control, institution-building and equity), was completely foreign to this approach.

2. The Transition to a Development–Oriented Approach

Although the shift to a more development–oriented approach took place during the early 1960s, the beginning of this transitional period was actually 1957 when one of John Diefenbaker's major election issues was the problem of shifting the focus from compensation to development (Lithwick 1985:125). Government intervention into the economy progressively increased over the course of this period.

The formulation of policies to promote this new focus was a slow process. Programs such as Canada's first 'regional' development program, the Agricultural Rehabilitation and Development Act (ARDA), provided a minimal form of development assistance. ARDA's goal was to provide assistance in developing agricultural lands and to set up projects designed to benefit people in natural resource industries other than agriculture
As time progressed policy-makers realized that they would need to develop more interventionist, comprehension approach. An example of this transition was the Fund for Rural Economic Development (FRED) which was introduced in 1966. This was the first program to offer a truly comprehensive, multi-faceted approach to development, although nine years had passed since the focus of policy had shifted toward development rather than compensation. The program was applied to five designated regions with low incomes and major problems of economic adjustment. Separate comprehensive development plans were formulated for those five regions which consisted of three elements: industrial development services, employment development activities, and industrial infrastructure (Savoie 1986:24). It is very interesting to look more closely at the three elements of FRED because, although it is one of the first regional development programs, its structure was quite similar to Community Futures which was implemented twenty years later.

The first element, industrial development services, included the establishment of regional industrial commissions which were set up to help residents: promote the industrial potential of their area, provide support for studies to identify and pursue development prospects, and provide management advisory services and training to improve both existing and proposed enterprises.

The second component of the plan, employment development activities, provided
inducements and assistance to private enterprise. This component was explicitly
designed to encourage new entrepreneurs and further expansion of small existing
businesses by offering interest free loans of up to $60,000.

The third element of the program promoted adjustment by providing residents with
assistance to relocate to areas which provided better employment opportunities.

There are two significant points worth noting with regard to this transitional period.
First, policy was slow to react to the changing focus of development theory and
political will. It took nine years to develop a comprehensive policy, and even then it
was only available in five relatively small regions of Canada. The second point worth
noting is very significant with respect to the Community Futures case study. That is,
the components the FRED program, introduced in 1966, were very similar in design to
those components offered by Community Futures twenty years later. This demonstrates
that, although numerous programs have existed over the course of the past three
decades, there have not been any radical structural innovations in the design of those
programs.

3. The DREE Stage

The Department of Regional Economic Expansion (DREE) was formed in 1968 because
it was felt that the various programs which existed previously suffered from a lack of
coordination (Lithwick 1985:132). In bringing all regional development efforts under
the banner of a single department it was felt that the government could better control
the development process. This represents the most interventionist period in Canadian
regional development history. It was felt that increased control of the development process by planners within a single department would allow the government to effectively pursue a rational comprehensive approach to planning.

In Canada, the three traditional pillars of macro-economic development theory have been: neoclassical adjustment theory, capital and infrastructure subsidy theory, and growth centre theory (Coffey and Polese 1985:86). DREE policies were based upon a combination of these three pillars. Growth centre theory had a particularly strong influence upon the policies of DREE. Growth centre theory shifted the focus of regional development away from the FRED approach, which concentrated upon those areas suffering most from underdevelopment. As Weaver and Gunton (1982:13) describe,

...instead of continuing with the "worst first" emphasis of the existing programs, providing assistance to weak industries in poor regions, DREE began to support stronger sectors of the economy in areas with growth potential.

It was felt that such a policy would encourage the spatial concentration of resources so as to realize economies of agglomeration, infrastructure and maximize linkages (Eberle 1987:30).

One other significant influence upon DREE was the growing body of policy analysis theory. It emerged as a field of professional practice in the years 1968–1972 and was the result of the confluence of three streams of theory: systems engineering, management science, and political and administrative sciences (Friedman 1987:137–139). Its effect on DREE's policy was to highly centralize decision-making in Ottawa, and move toward quantifiable objectives, such as cost-effectiveness analysis which measured
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such indicators of efficiency as jobs created per dollar expended (Weaver and Gunton 1982:14).

DREE identified twenty-three growth centres, or "special areas" as they were referred to, and through a three-pronged approach, concentrating upon industrial infrastructure development, locational incentives for industry and adjustment policies, the department pursued growth pole strategies in a rational manner (Savoie 1986:37; Lithwick 1982:132). Early DREE expenditures went toward infrastructure, such as roads, services and structures. Smokestack chasing policies, such as those described in chapter two, were designed to provide industries with the incentive to move to the "special areas". Adjustment programs, such as the Newfoundland Resettlement Program, were introduced to enable people to move from the poorer underdeveloped rural areas to the "special areas" (Savoie 1986:37).

The failure of this approach to perform effectively was a result of a variety of interrelated forces. For example, locational incentives were not as successful as anticipated because those incentives were not sufficient to influence most recipients' locational choices (Lithwick 1985:133). Market forces remained the greatest influence upon location, a fact which the government could not change through the rational comprehensive approach to planning. Locational incentives also tended to be ineffective because those firms that were attracted were of the "footloose" type, offering few backward and forward linkages within the region (Hayter and Storey 1979).

Many of the reasons cited for the failure of DREE's growth pole approach are of particular significance to the Community Futures case study. These failures correspond
to criticisms of the highly centralized, rational comprehensive approach to planning. Critics of this approach state that it does not take into account the political nature of planning. The growth pole plans formulated by DREE were adversely affected by political conflicts at all levels. Such conflicts were not considered by the rational comprehensive planning theory. They served to shift the focus of policy from its rational comprehensive nature to a more incremental form, as described by Charles Lindblom. Lindblom argued that the rational comprehensive approach to planning was unrealistic and, instead, he stressed that policy decisions were better arrived at, "...in terms of the push and tug of established institutions that are adept at getting things done through decentralized bargaining processes best suited to a free market and a democratic political economy (Hudson 1979:389)."

Both intergovernmental and interdepartmental conflicts regarding DREE are examples of the "push and tug" referred to by Lindblom. Federal–Provincial conflict drastically changed the focus of DREE over the course of its existence. Increasingly the provinces began to control the development programs and DREE became a province–building device rather than a region building device. It was felt that if policy was directed toward smaller units, or local development, the federal government could effectively downplay the role of the provinces (Lithwick 1985:137). This brings into question whether the government is genuinely committed to a more community–based approach to development, or instead has simply followed a course of political pragmatism.

Inter–departmental conflicts also arose due to the fact that DREE was the only department with a regional development mandate. Other departments, such as
Transport; Energy, Mines and Resources; and Industry Trade and Commerce, saw themselves as having a national mandate and were unwilling to shift resources or programs to correspond with regional development objectives (Lithwick 1985:136). The result of these conflicts was to disband DREE and promote a more sectorally based regional development program. This solution is consistent with Lindblom’s prescriptions for effective incremental planning. He stated that incremental planning would proceed more effectively than the rational comprehensive approach, which DREE had pursued, if it followed three prescriptions.

1. Decentralize decision analysis to many small actors, none of whom controls a very big slice of the total action.

2. Give each actor substantial autonomy over decisions.

3. Improve the network of communication between all actors in the system (Friedman 1987:131).

The result of the failures caused by these inter governmental and inter-departmental conflicts, which had not been foreseen by DREE’s rational comprehensive planners, was to introduce a more sectoral, locally-based approach to development. Various departments were given individual regional or local development mandates. Thus, the local development approach largely resulted from political pragmatism rather than any concern among federal bureaucrats that community members should be involved in the development process. Although the spatial focus of development programs shifted, they have continued to be administered by rationally oriented, quantifiable, efficiency indicators which characterize the policy analysis approach to planning.
4. The Local Economic Development Stage

The failure of locational incentives, infrastructure development programs and adjustment policies, as well as the various political and bureaucratic conflicts occurred as the local economic development model was becoming popular in the literature. As mentioned above, it became politically astute for the federal government to focus upon smaller regions. This would minimize conflict with the provinces and ensure that they did not claim the bulk of the political credit for programs as they had under DREE (Lithwick 1985:136).

A second force which lead to the introduction of local economic development approach, besides the failure of DREE, was the growth and extension of several locally-based, "temporary" make-work programs. Economic problems which developed during the recessionary period of the 1970s were considered to be short term. Solutions, as a result, were perceived in the form of short-term job creation. As Baron and Watson (1989:44) note, it was felt that,

...if the large numbers of people entering the labour market could be kept out of the regular labour market until the rate of expansion of the regular market could "catch up", then the unemployment problem could be solved.

Programs were developed to offer work to certain sectors of the population for a few months at a time. Some of the major programs which were introduced were; the Opportunities For Youth Program (OFY), the Local Initiatives Program (LIP), the Local Employment Assistance Program (LEAP), Canada Works, and Young Canada Works. The government, at this point, had become less concerned with directing the economy than with managing the surplus labour through these programs (Lotz 1987:44).
Structurally, these programs were very similar to earlier compensatory make-work programs, such as the Jobs Corps Program of the 1930s or the Winter Works Program of the 1950s. It soon became apparent, however, that the nation was faced with some long-term structural problems and these make-work programs could only offer "band-aid" solutions. The programs simply resulted in community dependence and a loss of public confidence in job creation and economic development (Brodhead, Decter and Svenson 1981:4).

A third force which led to the introduction of the local economic development approach was the growing body of local and community economic development literature which recognized development as a potentially superior long-term solution. As some analysts stated in 1981,

...A functioning, or viable community, is characterized by its capacity to organize in order to solve problems. A non functioning community is characterized by its inability to organize to solve problems or by its dependance on outside resources to solve its problems (Brodhead, Decter and Svenson 1981:22).

The idea that federal policies should promote the development of communities, rather than simply providing short-term jobs, was reflected in the nature of the programs which were developed during the late 1970s and early 1980s. The world recession of 1981–1982 made locally-based development a particularly attractive alternative to policy-makers as national deficits rose and unemployment increased. It was considered less costly and potentially more effective to stress the role of small business and entrepreneurs in generating jobs.

One such program which focussed upon the development of local small businesses and
entrepreneurship was the Local Employment Assistance and Development Program (LEAD). LEAD was the immediate precursor to Community Futures. The program's objective was to increase the number of permanent jobs in areas with high levels of long-term unemployment. It provided grants to increase the number of private sector jobs in areas with chronically high unemployment. The LEAD program consisted of four components:

Local Development Corporations; LEAD Corporations identified economic opportunities, provided technical assistance to entrepreneurs and managed an employment development fund, which provided financing for loans to or investments in local businesses.

Enterprise Projects; community-based organizations could receive contributions for the purpose of developing a commercially viable enterprise.

Infrastructure Projects; designed to enhance the community's capacity to achieve local employment growth.

Planning Projects; to plan and organize for any of the above types of endeavors (Canada Mar. 1985).

The emphasis of this program, then, was upon the development of small business and entrepreneurship. This would provide more long-term employment stability at less cost to the government.

In 1985 the Task Force on Program Review recommended that the LEAD program should be terminated (Canada Mar. 1985). The task force felt that it should be phased out because it duplicated many of the activities of the Department of Regional Industrial Expansion (DRIE) and the Economic and Regional Development Agreements (ERDAs). Also, they felt that the LEAD program was a slow process in which a lengthy period of time was necessary before it would pay-off. As well, it was considered to be a high risk program.
C. CONCLUSIONS

If we consider the history of federal regional and local development practice in terms of those goals which the CED model pursues, local control, self-reliance, equity, and institution building, some trends become apparent.

The significance of local self-reliance has only recently become apparent in federal development policy. And, that move toward a more local focus is as much a result of political conflict as it is a result of rationally developed planning objectives. During the early compensatory years the concept of local self-reliance was virtually non-existent in federal policy. Transfer payments and public investment in infrastructure only contributed to the reliance of peripheral areas upon the central government. DREE's growth centre policies and locational incentives promoted a more development-oriented approach, but that development was of the functional integrative variety. DREE's approach attempted to integrate a region into the broader economy according to the form of development to which that region was specially suited. This did not promote local self-reliance, but instead promoted reliance upon the broader national and international economies. The failure of DREE, and the subsequent introduction of the local economic development approach, contributed to the concept of local self-reliance. But, this change in policy was not so much a rational decision made by federal planners as it was a political decision resulting from intergovernmental and interdepartmental disputes. The result was an approach to development which concentrated upon the diversification the local economy and the promotion of enterprise, but with no corresponding devolution of control to communities.
Control of the planning process has always rested firmly within the federal bureaucracy. And, as the DREE conflicts illustrated, bureaucrats tend to be very reluctant to relinquish that control. As one analyst notes,

...government officials will invariably argue...that control must remain in their hands, because otherwise chaos might result. As one observer remarked, 'it is hard to persuade a tiger to part with his stripes' (Savoie 1986:162).

This presents a substantial impediment to the development of local control. Until control of the development process is effectively assumed by community members, the goals of the CED approach cannot be achieved.

Since local control manifests itself in the development of locally based institutions, institutions will not be effective until the community is empowered through the devolution of control from the federal government. Although several governmental institutions responsible for development planning have existed throughout the years, institution-building processes at the local level have traditionally not occurred.

Over the course of the federal government's regional and local economic development history, equity has, traditionally, not been considered in terms of equitable access to resources by all community members. In fact, most programs have explicitly sought proven industries with growth potential. This, however, began to change in the latter stages, as the local economic development approach was introduced.

One overall historic trend, which is important to recognize when reviewing the Community Futures program, is the lack of true innovation which has occurred. For example, the make-work programs of the 1970s were similar to those of the 1950s
and 1930s. And of particular importance, regarding the Community Futures evaluation, are the similarities which exist between the FRED program of 1966 and Community Futures, which was introduced in 1986.
IV. COMMUNITY FUTURES EVALUATION

A. INTRODUCTION

The purpose of this chapter is to address the third and central research question of this thesis, as outlined in chapter one. What are the strengths and limitations of Community Futures regarding the program’s contributions to CED? Through an analysis of the structure and procedural guidelines of the program, with respect to the theoretical goals of CED, the thesis will determine the benefits and limitations of Community Futures. Once again, it should be emphasized that this is an evaluation of policy design and not an evaluation of the implementation of Community Futures policy.

Community Futures replaced LEAD shortly after the Task Force on Program Review recommended that the LEAD program be terminated. Community Futures was adopted by the Canada Employment and Immigration Commission (CEIC) in 1986 and is considered to be a more comprehensive development program than LEAD, offering five separate development options to the community. The LEAD program was more limited, depending primarily upon the community development corporations (CDC) as a development tool. Also, Community Futures is directed at the community level by a local Community Futures Committee, supposedly to ensure that the CED process which takes place is a community oriented one. However, upon closer investigation, it seems that Community Futures suffers from some of the same problems as LEAD. An analytical review of Community Futures which follows will show that the Community Futures Committee is constrained by the limited mandate of the program. Although
the program has successfully created local institutions to control the development strategy, the freedom of those institutions to pursue the goals described in chapter two is somewhat constrained by CEIC restrictions.

By its very nature as a CEIC program, Community Futures operates according to a mandate limited to employment generation, thus making comprehensive community development difficult to achieve. Also, the eligibility requirements, accountability requirements and the political nature of the program serve to hinder the community's ability to function freely and develop strategies which might achieve the four goals of CED.

B. THE SIGNIFICANCE OF THIS CASE STUDY

Why is it important to study a government program which is simply the most recent of a long line of similar programs that have been initiated over the past few decades? This case study is significant because it will give us some insight into the broader issue of top-down strategies for CED. As well as learning some of the strengths and limitations of Community Futures, we also begin to understand some of the positive and negative factors which inherently accompany any top down strategy for CED.

C. A BRIEF OVERVIEW OF COMMUNITY FUTURES

A brief overview of the Community Futures will be provided in this section of the paper, thereby providing the reader with some perspective for a more detailed analytical review which follows.
Community Futures operates under the Canada Employment and Immigration Jobs Strategy. According to Community Futures literature, the primary objectives of the program are to assist communities to adjust to structural and economic change, plan for productive uses of the community labour force, and to maintain and increase local employment opportunities (Canada 1987). Eligible communities are those outside of metropolitan labour markets, suffering from chronic unemployment that is higher than the provincial average.

The first phase of the program is the selection phase, during which CEIC identifies eligible communities. The assessment of a community's eligibility is based upon factors related to economic needs and the potential for economic development. The identification of eligible communities is subject to CEIC ministerial approval.

Having identified an eligible community and introduced the program to the community, the Submission Phase begins. The community at this point in the process must organize and indicate to CEIC its interest in becoming involved in Community Futures. Some consultation is provided by CEIC at this stage to assist the community in developing a work plan and budget for the following Research Phase.

If the community's work plan and budget are approved by CEIC then they receive funding for the Initial Phase. The Initial Phase consists of first, the selection of the Community Futures Committee and second, a Research Phase which assesses the communities economic problems and potentials.

Members of the Community Futures Committee (CFC) are selected in such a way as
to facilitate the involvement of the three groups who, according to CEIC, are the major players in CED (Canada 1989). They are the business organizations (Chamber of Commerce, Industry Associations, business leaders), non governmental bodies (labour organizations, colleges, community service groups), and governmental organizations (municipalities, regional districts, federal and provincial departments). The functions of the CFC are to manage the process of developing an economic development strategy and to monitor the implementation of that strategy.

The CFC, upon establishment, must manage the second part of the Initial Phase, that being the Research and Community Action Plan Phase. At this stage of the process studies are undertaken to assess the community’s major economic problems and economic development potentials. It is at this stage that the CFC assesses which of five development options offered by CEIC would be appropriate in their situation. The options are:

1. Assistance for workers to become self-employed. This option grants $180 per week to unemployed individuals to help them to establish a business.

2. Business development centre. This option provides a community with a BDC which can provide consultation and technical assistance to businesses or might also administer an investment fund designed to establish small businesses.

3. Relocation and exploratory assistance. Communities choosing this option would acquire a fund designed to help individuals relocate and seek employment elsewhere.

4. Community initiative fund. This option allows communities to receive funding on a cost-share basis for specific projects.

5. Purchase of training courses. This option provides occupational training which will increase individuals' employability.

Having decided which of the five options would be most suitable for their community,
the CFC is required to submit a five year action plan and budget to the CEIC.

The CFC's proposal, action plan and budget are reviewed by the Regional Assessment Committee of the CEIC, with final approval being granted or denied by the Minister.

If the proposal is accepted, the action plan is implemented during the final phase of the process, the operational phase. At this stage the previously identified options are implemented. The operational phase lasts five years, during which constant monitoring by the CEIC takes place. Each option's contract is negotiated on an annual basis, thereby allowing the community to apply for additional funding, and allowing the CEIC to discontinue programs which have not been satisfactorily productive.

D. A CRITICAL ANALYSIS

The implications of state involvement in the CED process are evident in each of the three major phases of Community Futures. The three phases of the program which are of primary significance are: the selection phase, the initial phase and the operational phase.

1. The Selection Phase

The selection phase is important to the present analysis because it is the phase in which eligibility requirements determine which communities will be involved in the program and for what reasons. By reviewing the major selection criteria we can begin to understand the scope and availability of the program. The four major eligibility
requirements tend to limit the ability of Community Futures to practice comprehensive CED in British Columbia. Those requirements are; high unemployment, a minimum standard of economic infrastructure, a minimum population and ministerial approval.

**Unemployment Requirements**

The major criterion for determining community eligibility is the rate of unemployment in the community. Although rates of unemployment are an indicator of need, the fact that Community Futures uses it as its primary indicator demonstrates the program's limitations. Michael Decter (Decter 1989:31) notes that this has been one of the central criticisms of the program stating, "...the employment orientation of CEIC is not always well linked to the economic development needs and agendas of communities."

Dennis Cherenko (Cherenko 1989), an administrator of the B.C./Yukon region Community Futures program has stated that unemployment insurance statistics are the main determinant of a community's eligibility. According to Community Futures literature, eligible communities are, "... those communities, outside of the metropolitan labour markets, suffering from acute or chronic unemployment higher than the provincial average (Canada 1987)." This limits the ability of Community Futures to assist communities which might have average rates of unemployment, yet whose standards of living may be well below the provincial average. Lloyd Baron (Baron 1989) has criticized the inflexibility of Community Futures, while also stating that it is the most flexible program offered by CEIC. The inflexibility of Community Futures and other government programs in this regard demonstrates the limitations of state administered CED. This particular problem is the result of a limited ministerial mandate. It is very difficult for a government department to address community problems which are foreign to its mandated responsibilities. This is one significant
outcome of the sectoral approach to development planning. Community Futures is thereby limited to assisting only those communities with high unemployment.

**Economic Infrastructure Requirements**

A second eligibility requirement which is considered is level of economic infrastructure which exists in the community. The potential for program success within a community is reflected in the nature of the community's infrastructure, business potential and plans for development (Decter 1989:101). Economic infrastructure, in this case, consists of established business organizations and a sufficient number of operating businesses. According to Dennis Cherenko, due to the limited duration of the program, it is simply not feasible for communities lacking economic infrastructure to be considered for the program. As an example, he stated that many of the native communities in British Columbia do not have sufficient development potential (Cherenko 1989). This, in effect, disqualifies those communities who are most in need of institution-building assistance. Recent changes in policy design have enabled Community Futures to provide those communities which lack infrastructure with the initial committee funding required to initiate a CFC and establish a development strategy. However, implementation support through access to the five Community Futures' options remains unavailable at present (Cherenko 1990). Once again, this illustrates the limitations of top-down CED strategies. Due to the limited confines within which this government program works it is unable to address one of the major constraints to CED, a lacking organizational and institutional infrastructure. Through changes in policy design, however, Community Futures has begun to overcome this constraint.
Population Requirements

Whereas unemployment requirements and infrastructure requirements limit the Community Futures program’s scope, the program’s population requirements can actually be counter productive to the CED process as it is described in chapter two. It is necessary for a recipient community to be a minimum size in order for it to be eligible for Community Futures funding. Although CEIC has not explicitly established any minimum population level, Community Futures has been designed in a manner which makes the program’s feasibility dependent upon the population size of the participating area. For example, the Business Development Centre will not be viable without a large enough market for its investments (Cherenko 1990). The effect of this requirement has been to induce individual communities to combine with neighboring communities in order that they might be eligible for assistance. Community Futures’ rules are flexible enough to allow such marriages of convenience to take place. According to the program’s terms and conditions,

...a community is defined as a geographic area covering a self-contained labour market, normally outside metropolitan centres, the boundaries of which need not necessarily coincide with existing administrative boundaries (Canada 1989).

The outcome of the minimum population requirement for eligibility has been a process of regional cooperation, as opposed to community cooperation. The leaders of various communities are forced to amalgamate, meaning that the community is not defined by the members of the community, but instead according to a CEIC rule. Decter (Decter 1989:31) identifies this as another aspect of the program which has been criticized, noting that the area boundary definition has presented problems for some communities. As illustrated in chapter two, self-definition is essential to ‘community’ and is a prerequisite to local control. This CEIC requirement exists because the
number of communities in need of Community Futures assistance usually exceeds the level of available funds (Decter 1989:100).

In British Columbia virtually every Community Futures Committee is made up of representatives of a variety of individual communities. For instance, the Howe Sound Community Futures area consists of the communities of Britannia Beach, Squamish, Whistler and Pemberton. In this particular case it would seem that the development aspirations of these communities would not be uniform. Squamish will certainly be facing different problems than Whistler, but they have been forced to define their community according to external requirements. A benefit of this requirement is that it forces regional neighbors to develop a cooperative, integrated plan which might otherwise have not occurred. However, these external requirements make community self-definition impossible and thereby tend to undermine the local control objective of CED.

Ministerial Approval Requirements

A fourth factor which has affected eligibility in the past has been political interference in the program. Each eligible community must be approved by the Minister before it can become a participant in the program. Some of the decisions concerning individual communities' eligibility have not been decided upon the basis of need, but instead for political reasons. Lloyd Baron (Baron 1989) identified this as a problem, stating that Community Futures is pushing the program on some communities in Canada because of political exigencies, regardless of relative need. Dennis Cherenko has stated that some of the first decisions regarding eligibility in British Columbia were made on purely political grounds. The Minister did not approve some of the communities
which had been recommended by the program's administrators and identified others which he thought should be encouraged to participate (Cherenko 1989). Although political intervention has become less frequent (according to Cherenko), the problem does illustrate that communities which are in the most need of CED assistance might be overlooked for reasons which they cannot control. This is one more factor which makes top-down strategies inherently unpredictable, thereby undermining the local control function of CED.

Summary of the Selection Phase

The four factors which have been identified are all examples of the limits to which a sectoral federal government bureaucracy can promote CED within communities. Community Futures eligibility is dependant mainly upon unemployment statistics because it is the CEIC that operates the program. If the program were operated by some interdepartmental body, then there might be more flexibility in the determinants of eligibility.

The economic infrastructure requirements for eligibility might be more receptive to communities in need of infrastructure if the duration of the program was extended. According to Cherenko, extension of the program is presently being discussed. At present, though, the program is not available to those communities most in need of infrastructure because of the program's restrictions.

The Community Futures program might become a true community economic development program if it made its population requirements more flexible, allowing individual communities stand alone rather than as an amalgamation. As was illustrated
in chapter two, self-definition of the "community" is an essential element of CED theory. The population requirements of Community Futures encourage communities to cooperate with others in their region, however this is at the expense of "self-definition", which is considered necessary to CED.

The political influence upon the program would be the most difficult limiting factor to change because it is an inherent part of any state program.

2. The Initial Phase

Having been selected to participate in the Community Futures Program, a community enters the Initial Phase of the process. The two important functions of that phase are the selection of the Community Futures Committee and the development of an action plan.

The Community Futures Committee

The establishment of the Community Futures Committee (CFC) is an example of a positive influence which top-down strategies can provide in the encouragement of CED. By allowing members of the community to manage their own CED plan, the federal government is developing institutional structures and giving those structures some direct experience in CED.

The CFC usually consists of approximately twelve people who represent various geographic and sectoral interests in the area. The objective of the CEIC in developing the CFC concept was,
...to provide a means for cooperative participation of local groups, including municipal authorities, in the assessment of communities' economic problems and the development of employment opportunities and worker-based adjustment measures (Canada 1989).

The CFC is, then, given considerable responsibility in the administration of the program locally. They are responsible for negotiating funding issues with the government and they determine which of the five available options the community will choose to utilize. The CFC is given a maximum of $100,000 annually, with the overall maximum payment for a duration of six years being 400,000. Much of this money is eventually paid to consultants or hired staff.

The Community Futures Consultants play an active role in assisting the development of the CFCs. According to Cherenko, many of the committee members are unfamiliar with fundamental CFC duties, such as how to conduct a meeting. It is the consultants' duty to ensure that the CFCs operate effectively. This illustrates the beneficial role which experienced Community Futures consultants can play in facilitating the institution-building process. Perhaps the most important consideration regarding this local organizational development will be its long term implications. By encouraging the community to organize itself, the CEIC may increase the possibilities of local control long after the five year program has dissolved. This is an example of a local capacity building process, as discussed in chapter two.

One limitation of the CFC is that it is not representative of the entire community. Because the CFC usually represents a few communities, and because membership is usually limited to approximately twelve people, the committee cannot be a truly representative cross-section of the entire population of the area. The members usually
tend to be representatives of: chambers of commerce, industry associations, business leaders, labour organizations, colleges, community service groups, and local, provincial and federal governments. It is the local "establishment" that is usually represented and not the "common citizen". Cooperation, which is one of the major tenets of CED theory, is limited in this case to cooperation among the major economic and governmental interests. This might result in strategies which are not equitably oriented. To overcome this problem Community Futures policy has been designed in such a way as to allow the establishment of community sub-committees. These sub-committees usually concentrate upon the various sectoral concerns of the strategy development process. So, although the CFC is relatively small and non-representative, the establishment of sub-committees may allow more community members to take part in the CED process.

Overall, the CFC does seem to be an effective means of organizing community action. The development of the CFC is an institution-building process which may stimulate long-term CED planning. Although the CFC may not be a body which is truly representative of the entire community, it is an institution which may allow the community to better solve its own problems in the future.

Research and Action Plan Development
The research and action plan development stage is the phase in which the CFC determines which options the community will utilize and what will be its budgetary requirements. Once again, there are some significant positive and negative aspects of this stage of the program.
Community Futures requires the community to perform an economic analysis, outline a development strategy and submit a five year plan. The community can benefit from this stage of the process by obtaining some analytical skills and experience related to economic development. So, as well as promoting institution-building, Community Futures requires the CFC to participate in the planning process. The community-based institution, then, experiences the importance of developing a long-range strategy.

A limitation of this stage of the process relates to how the economic analysis, the strategy and the five year plan are developed. Community Futures provides the community with a very detailed outline of how they should develop their action plan. The economic analysis of the community's problems and potential for development is usually provided by professional consultants. Community Futures outlines, quite specifically, what should be included in the analysis. The analysis usually consists of a description of labour force characteristics, a description of the community's current economic status and a description of the community's potential for development (Canada 1989). A variety of studies are usually undertaken by consultants to perform this analysis (Price Waterhouse June 1988, November 1988, November 1989). For example, surveys and interviews are usually performed to solicit information from certain individuals within the community. Local business and financial representatives are questioned as to problems facing businesses and the perceived potential of the business development centre option in addressing those problems. Unemployed residents may also be contacted to determine whether the adoption of the self employment incentive option would be utilized. Sectoral analyses of the local economy are also performed to determine the state of the various sectors, as well as developmental
potential of those sectors. This is, then, a traditional, quantitative, technical form of economic analysis which is supposed to document employment problems and potential remedies. The possible remedies are limited to those which can be provided by any of the five designated options which Community Futures offers.

Having received the consultants' analysis the CFC is charged with the responsibility of developing a community action plan. The CFC is, however, limited in its ability to develop a strategy which is representative of broad community concerns. The development strategy and five year plan chosen by the CFC is subject to CEIC approval. The basic criteria for approval is job creation. In order for the strategy to be approved by the CEIC it must consistently target those areas for employment generation that the consultants’ analysis identified (Cherenko 1989). The CFC is, then, severely limited in its ability to develop a strategy which might be representative of the community’s desire for increased social services, businesses which have a positive social impact, or the development of community-based institutions. They must develop a strategy which is based upon a technical economic analysis which is not intended to address social or organizational problems which are not directly related to employment generation. Such problems are not within the mandate of CEIC.

The initial phase of Community Futures illustrates that this program is more capable of developing community-based institutions than were previous top-down CED efforts, while also illustrating the government's reluctance to allow those institutions to operate independently. None of the earlier top-down CED programs had attempted to create a community institution to direct the development strategy. The development of the CFC concept was an attempt, on the government’s part, to ensure that CED strategies
were flexible enough to meet the individual needs of participating communities. However, the restrictions placed upon those committees illustrate that the program must concentrate upon only those problems which directly relate to the mandate of CEIC. This limits the ability of the committee to develop comprehensive CED strategies. Also, by outlining quite specifically what should be included in the research, and requiring the CFC to develop a strategy based primarily upon that research, CEIC retains a great deal of control over the strategy development process. This, in effect, compromises the local control objective of CED.

3. The Operational Phase

The significant elements of the operational phase are the five options which are available to the CFC, and the annual review of the program’s progress.

The Options

The first option, the business development centre (BDC), has been utilized more extensively in British Columbia than any of the other options. Communities choosing to institute a BDC are opting for a traditional community development corporation (CDC). Many of the presently operating BDCs in British Columbia are converted CDCs which had previously been administered under the LEAD program. The new program can supply the BDC with more funding than did the LEAD program. As well, the BDC is allowed to loan a maximum of $75,000 to borrowers, whereas the LEAD program restricted loans to $25,000. The BDC can, then, potentially be more effective than it had been under LEAD, but this is not a particularly substantive difference between the two programs.
One significant problem with the BDCs which constrains the CED process is its maximum allowable duration. The BDC can only be funded for five years. After that the BDC is expected to be self-sufficient. Dennis Cherenko has stated that this is not a realistic expectation. According to Cherenko, the short funding period has forced BDC administrators to loan money primarily to established community businesses due to the limited risk factor which is involved. BDC administrators must invest in businesses where their returns will be virtually assured, if they hope to become self-sufficient within the five year period. Those segments of the local population who have traditionally experienced problems in accessing capital, then, can only hope to benefit from BDC loans through a trickle down effect. Presently CEIC is considering extension of the BDC lifespan which would relieve some of the pressure upon administrators of BDCs to make quick profits. At present, though the BDC has a very limited ability to promote equitable access to resources or local control.

The second option, the Self Employment Initiative option, is beginning to be more widely utilized in British Columbia. Its objective, once again, is to promote small businesses and entrepreneurship. It provides people who are receiving unemployment insurance or welfare with $180 per week for one year to help them start their own business. Unlike the BDC this option tends to be aimed toward those individuals in the community who are most in need of assistance. Although it is too early to determine the extent of this option's effectiveness, Cherenko believes that it will probably result in fairly major beneficial impacts. In the British Columbia/Yukon Community Futures Region seventy percent of the businesses initiated as a result of the SEI option continue to operate after the first year (Cherenko 1990). This illustrates that this option has been quite successful in the development of new
businesses. Diversification of the community economy through SEI does contribute some local control to communities thereby helping them to become self-reliant. However, this option has not contributed much to the development of community cooperation or community institution-building. Once again it is simply a monetary grant which is intended to promote business and entrepreneurship.

The third option is the Relocation and Exploratory Assistance option. Only seven of the thirty communities participating in Community Futures within British Columbia have utilized this option. The option has not been widely utilized because, as Dennis Cherenko stated, there is a philosophical reluctance involved (Canada Mar. 6, 1989). Communities involved in the program are interested in developing their communities rather than acquiring funding to move community members away. Communities have realized that this option is counter-productive to the community building processes which the CED model advocates. It is simply a traditional form of adjustment policy.

The fourth option which Community Futures claims to offer communities is the occupational training option. There is no reference to this option in the program's terms and conditions literature presumably because the option is of little significance to the program. Dennis Cherenko (Cherenko 1989) stated that this option is really just "smoke and mirrors." Community Futures has no money available for the purchase of training courses, as the program's public announcements seem to imply. One publication describes the option as follows:

**Purchase of Training Courses:** This option provides occupational training for individuals in order that they might acquire the skills needed to increase their earning and employment potential (Canada 1987).
In reality the program's consultants simply play an advisory role to the local Canada Employment Centre, informing them of the types of training that they should support (Cherenko 1989). Because both Community Futures and the Canada Employment Centres are operated by CEIC, the community's access to training funds can be facilitated through Community Futures channels. However, although the focus of this option is upon one of the primary impediments to CED, underdeveloped human resources, it is not a major element of this particular program.

The final option has similarly been of minor consequence in British Columbia. The Community Initiatives Fund allows the CFC to apply for funding on a cost share basis for the development of major projects. From 1986 until 1989 this fund operated as a discretionary Ministerial reserve to be applied on a 50/50 cost share basis with the private sector or other government sources. According to Cherenko it is an exceptional fund which, during that period, was only utilized twice in British Columbia. As of 1989 the Community Initiatives Fund was decentralized and is presently controlled regionally as a regional reserve. As a result the fund might be utilized more often in British Columbia but, given that it is simply a monetary grant, this option does not offer the any substantial help in developing local control, self-reliance or institution-building.

The two development tools which Community Futures offers extensively are the BDC option and the SEI option. The other three options have, in relative terms, been of minor consequence. As of July 1 1990, in the B.C./Yukon region there were thirty approved Community Futures areas. Of those areas, twenty-six have BDCs, twenty-three have made use of the SEI, seven have implemented the relocation option,
three have been successful in securing Community Initiatives funds and five have secured fairly minor occupational training courses with the assistance of Community Futures (Canada Mar 6, 1989). This illustrates that substantially Community Futures is not very distinct from its predecessor, the LEAD program. The two major components of LEAD were the Local Development Corporations and the Enterprise Projects. The Local Development Corporations of LEAD were converted to BDCs with minor changes. And, the Enterprise Projects offered grants to community organization to develop viable enterprises similar to the manner in which the SEI option offers grants to individuals. The other three options of the Community Futures have been utilized far less than the BDC and SEI.

The Annual Review
The second significant component of the operational phase is the annual review. Each year the performance CFC is assessed by administrators of the program. CEIC has the opportunity to discontinue programs which are not displaying satisfactory progress. This review is very extensive, requiring the CFC to submit several reports to the CEIC. The major criterion for assessment is job generation. If the community has not developed a strategy which promotes the creation of jobs through small business and entrepreneur assistance CEIC can discontinue the program. Community Futures assesses the success of strategies using such formulas as the jobs created per dollar spent formula which is representative of the quantitative policy analysis approach developed during the DREE years. Once again, this effectively serves to limit the power of the CFC to undertake any projects designed to develop community cooperation or institution-building. This can be attributed to the CEIC’s limited mandate of job creation.
Chapter two of this paper described the impediments to bottom-up CED which provide the rationale for government involvement in such economic development processes. The impediments are; difficulty accessing capital, difficulty accessing information and underdeveloped human resources. The effectiveness of a program’s contributions to CED can be assessed by determining its ability to remove those impediments in a manner which facilitates the achievement of local self-reliance, local control, institution-building and equity.

The Business Development Centre is the Community Futures’ institution which addresses problems regarding access to capital. As illustrated the BDC can address this impediment to CED, but in a limited manner. Due to the five year funding restrictions the BDC is pressured to provide loans primarily to businesses which are considered to be safe investments. Rather than focussing upon the establishment of new businesses, the BDC tends to be concerned with the expansion and stabilization of existing businesses. This will have a negative effect upon the equity and self-reliance goals of CED. Those segments of the local population which have traditionally experienced problems accessing capital will continue to experience those problems. Regarding the self-reliance goal, it will be difficult to diversify the local economy and initiate import substitution strategies as long as many of the BDC loans are directed toward existing businesses.

The Business Development Centre can also address the second impediment to bottom-up CED, difficulty accessing information. The staff of the BDC provides
advisory services to new and expanding businesses which are otherwise difficult to access in peripheral regions.

Community Futures also addresses the third impediment, underdeveloped human resources, but to a limited extent. As illustrated in chapter two, there are two common human resource impediments to bottom-up CED. First there is a need for the leadership and organizational skills which are required to mobilize community action. By establishing the Community Futures Committee and requiring that committee to play an active role in the development of an economic development strategy, the program is contributing to local capacity. Such experience may encourage the development of more extensive community-based organizations in the future. Community Futures is, then, contributing to the achievement of both the local control and institution-building objectives of CED. The primary shortcoming of the program in this regard is the limited number of residents involved in the process. The second human resource requirement is the need for skills to start new enterprises and skills to work in both new and existing businesses. The advisory services provided by the BDC provide entrepreneurs with the counselling required to start a business. The program seems to be weaker, though, in providing the occupational training required of those who would prefer to be employed by someone else.
V. SUMMARY, LESSONS, RECOMMENDATIONS AND CONCLUSIONS

The purpose of this chapter is first to summarize the findings of the previous chapters, and secondly, within the context of those findings, make some overall conclusions regarding the positive and negative implications of government involvement in CED strategies. Those overall conclusions are the lessons which have been learned from performing this study of Community Futures policy design within its appropriate theoretical and historical context. Some recommendations for future action will accompany those conclusions. Finally, some brief comments will be provided regarding the role of the planner, based upon the lessons learned.

A. SUMMARY

The purpose of this thesis, as outlined in chapter one, has been to determine the extent to which a government program, namely Community Futures, can promote community economic development. This was accomplished through an analysis of some of the positive and negative implications of the program's contributions to CED.

The purpose of chapter two was to determine the goals of the CED model, while also studying the main impediments to the achievement of those goals via a bottom-up approach. The main goals of the CED model are self-reliance, local control, institution-building, and equity. Self-reliance can be achieved through policies which decrease the level of economic leakages from the community and by recognizing the significance of the informal economy. Local control is a key element of the CED model. The goal is to increase the broader community's political control over
the local economy through increased participation in community affairs. Local control manifests itself in institution-building processes. Community-based institutions allow the community to better control its collective destiny, and ensure equitable access to resources by all community members.

The impediments to bottom-up CED are: access to financial resources, access to information, and underdeveloped human resources. It is these concerns which government programs should target to facilitate the CED process.

It was the purpose of chapter three to determine the historic nature of top-down economic development in Canada. This study illustrated some trends which have developed throughout the past decades, thus placing Community Futures into its appropriate historical context. Among the trends which emerged, we witnessed that policy: has been slow to develop; has lacked significant innovation; has traditionally been firmly controlled by the federal bureaucracy; has been influenced by political disputes at all levels; has been subject to the quantifiable, efficiency indicators which characterize the policy analysis approach to planning; and has regularly failed to meet its prescribed objectives.

Having analyzed the relevant theory and practice, chapter four analyzed Community Futures in terms of its ability to achieve the goals described by CED writers. Eligibility requirements of the program, such as unemployment and minimum levels of economic infrastructure, restrict the ability of the program to operate comprehensively and be universally available. Other eligibility requirements, such as minimum population requirements and ministerial approval requirements have actually been
counterproductive to the local control objective of CED. A positive effect of the program was its ability to facilitate institution-building through its use of the Community Futures Committee. However, the ability of that committee to develop a community-based plan is restricted by the limited nature of the program and by the onerous procedural guidelines set by CEIC.

B. LESSONS AND RECOMMENDATIONS

The lessons and recommendations which are illustrated below are based upon the study the historic nature of economic development policy design in Canada and the evaluation of Community Futures policy design. If we generalize, there can be five broad implications concerning government involvement in CED programs drawn from the historic review combined with the Community Futures case study. First, top-down strategies do, to a degree, have the potential to promote the goals of CED by addressing the impediments to the bottom-up approach. Second, the state's potential ability to promote comprehensive CED is impeded by the scale and national focus of top-down programs. Third, the government's sectoral structure also acts as an impediment to comprehensive top-down CED. Fourth, programs which are considered to be bureaucratic innovations may not be substantially different from those programs which preceded them. And finally, quantitative techniques of analysis and evaluation which characterize the policy analysis approach to planning are not capable of assessing the success of communities in achieving the 'softer' goals advocated by CED proponents.
Lesson #1

The Community Futures Committee concept is illustrative of the positive role that government can play in the local control and institution-building processes advocated by the CED model. As well as funding the community, which has been the traditional strategy of government operated CED programs, Community Futures requires the community to create an institution consisting of community members. If true community economic development is to take place, communities must seek to organize themselves in order to solve problems. Community Futures has demonstrated that a state program can effectively facilitate this process. Most rural communities in British Columbia have minimal experience developing CED strategies. Historically, they have tended to rely upon federally or provincially sponsored programs to solve economic problems. This case study illustrates that governments can help to develop local control and self-reliance by promoting institution-building processes. In doing so, the government is reducing the communities dependance upon government programs and helping them to develop their own problem solving capabilities.

Recommendation #1

If the goals of CED are to be achieved, government programs should continue to utilize local participation by developing such institutions as the Community Futures Committee. They should, however, seek to include a more representative cross-section of the population in such institutions. As was illustrated in chapter four, the CFC usually consists of representatives of; chambers of commerce, industry associations, business leaders, labour organizations, colleges, community service groups, and local, provincial and federal governments. Programs should be designed to include members of the community who are not part of this 'local establishment'. This will, however,
require programs to become more flexible and locally-based. It will require a change in such conditions of Community Futures as the minimum population requirements.

**Lesson #2**

The scale and national focus of federally sponsored economic development efforts compromises the ability of programs to achieve the goals of CED. Although Community Futures contributes to the institution-building process, the program's restrictive procedural requirements serve to limit the effectiveness of the institutions. Such restrictiveness is a result of the conflicting objectives of the federal government and communities.

The broad scale of such government programs as Community Futures contributes to the inability of those programs to be easily customized to meet the individual concerns of communities. A small native community on Vancouver Island will be very different in nature from a much larger community in Southern Ontario suffering from plant closures. Such Community Futures procedural conditions as the minimum population requirements, or the five year funding limitation for the business development centres, are examples of the inflexibility of Community Futures in addressing the development concerns of a very diverse array of communities. Administratively it is difficult for a government to develop truly flexible programs on a national scale. And, as was illustrated in chapter three, the federal government is reluctant to provide the funding and administrative responsibility for such programs to provincial or local governments because they will be less able to claim credit for such transfer programs. The result is a lack of flexibility, or sensitivity to the individual concerns affecting communities.
The national focus of the federal government programs may also make achievement of CED goals difficult. As illustrated in chapters two and three, government development policies have historically subscribed to the functional integration approach to development. A shift to a more territorial approach is difficult to perform because the federal government continues to be accountable to the larger national population for its actions. Economic development programs must be seen to be of some benefit to the entire nation, or they risk accusations of irresponsible spending. As Stewart Perry (Perry 1989:26) has noted,

...it is only natural for officials charged with the responsibility for the disbursement of tax funds to disburse them with all the caution that can be mustered, which would mean depending on one's own judgement in preference to that of local users of the funds. Only if legislators at the federal or provincial level actually mandate a freer hand for localities can the administrators be expected to provide it.

Recommendation #2

In anticipation of an upcoming provincial election, the Social Planning and Research Council of B.C. (SPARC) has recommended some policy directions for government regarding the promotion of CED. Two of those recommendations apply to problems caused by the scale and national focus of federal programs.

Give Regional and Local Governments a Greater Say in Development

Regional and local governments and community interests need a greater role in the management of social and economic development and environmental enhancement, but with clearly established provincial priorities and responsibilities for the equitable distribution of resources.

Federal and Provincial Governments Need to Design Their Programs to Local Requirements

The federal and provincial governments need to collaborate in custom designing their programs and resources to suit local requirements. They need to integrate these efforts with local planning, co-ordinating and implementing structures (SPARC 1990:9).
If federal CED programs of the future are to become more sensitive to local concerns, it will be necessary to involve local governments more substantively in the development process. Although there is political reluctance toward such an approach, the federal government should attempt to mitigate the political issues and provide regional and local governments with a more significant role. A more pronounced local presence in the process will allow for the development of programs which are custom designed to meet local requirements, thereby facilitating comprehensive CED. As Stewart Perry (Perry 1989:25) found,

"...perhaps the most significant lesson from the U.S. research is that community economic development must be carried on under local direction, according to local priorities, and by mobilizing local resources first."

Lesson #3
The third lesson regarding top-down approaches which this case study illustrates is their limited ability to promote comprehensive CED due to the sectoral nature of the programs. In the Community Futures case, the program is operated by the CEIC. This has limited the scope of CED to job generation. This is a problem which is inherent in any government program. Federal and provincial departments are responsible to a specific mandate. The programs which they develop and administer must address that mandate. As a result, the scope of top-down CED programs is naturally limited. They are not designed to promote self reliance, local control, equity, stability and institution building. Instead, they are designed for a specific reason. In the Community Futures case the program was designed to generate jobs.

Recommendation #3
If programs of this nature are to truly promote structural change in the future, then
they will have to be administered by some inter-departmental body which has more widespread responsibilities. As illustrated in recommendation #2, that inter-departmental body should preferably be regionally or locally based.

One program, in particular, is illustrative of the success that a multi-sectoral and more locally administered program can achieve in pursuing the goals of the CED approach. The Yukon 2000 program, initiated and administered by the territorial government seems to be a more comprehensive, top-down, community-based development program than Community Futures. The program is designed to develop all sectors of the economy in an integrated manner. Sectors considered are: financial and business services; infrastructure and transportation; information and technology; natural resources; agriculture; construction; cultural industries; fishing; forestry; manufacturing; mining; outfitting, trapping and guiding; subsistence economy; tourism; trade and services; and volunteerism and housework. Because the program is operated by the territorial government, which has a constituency of less than 30,000 residents, a multi-faceted approach is possible. Also, the inclusion of such sectors as; the subsistence economy; volunteerism and housework; and outfitting, trapping and guiding illustrates that a more regional or local focus can provide programs which are more sensitive to the individual concerns of the region.

Lesson #4
A fourth generalization about top-down CED programs which can be drawn from this case study relates to the bureaucratic nature of such programs. As well as being reluctant to relinquish control of programs to communities, bureaucracies tend not to be very open to change.
The Community Futures Committee is so restricted by bureaucratic requirements that it has a very limited ability to develop a community-oriented CED strategy. The CEIC has been reluctant to loosen the reins of control. Even if the CFC is given more authority sometime in the future, they will still be limited to choosing between the two major options of the program. In reality, Community Futures is not much more innovative than was its predecessor, the LEAD program. In fact, the two options which Community Futures offers on a widespread basis are not very different from that which was offered by the FRED program of 1966. As described in chapter two, FRED established regional commissions to provide,

support for studies to identify and pursue vigorously specific development prospects and for the provision of management advisory services and training to improve both existing and proposed enterprises (Savoie 1986:24).

The program also offered financing of up to $60,000 for new manufacturing of processing industries. As Savoie states, "...it was explicitly designed to encourage new entrepreneurs and further expansion of small existing businesses (Savoie 1986:24)."

Although Community Futures is more widely available throughout Canada, the analysis provided in chapter four illustrates that the substance of the program is very similar to that of FRED which was adopted twenty years earlier.

Community Futures was touted as a program which would provide more flexibility for CED strategies. As it turns out, only two of the five options can be used extensively and the CFC's role is severely restricted. It seems that the impetus for change from LEAD to Community Futures was a task force recommendation that LEAD be terminated. A critical analyst might state that CEIC just reshuffled the LEAD program, adding to it a few new elements, and introduced it as the new, progressive
Community Futures program. The changes have not been very substantive. Planners should learn from this study that they should be wary of bureaucratic innovations because they may not provide all of the new solutions which they claim to provide. This case study illustrates some of the factors associated with bureaucratic government that opponents of bureaucracy have been critical of throughout history. Bureaucracies, by their very nature, are not very receptive to change and are self-protective.

**Recommendation #4**

The lack of innovation in the design of such programs might be reduced if more responsibility for their design and implementation was given to regional or local governments, as was stated in recommendations #2 and #3.

**Lesson #5**

The final lesson which can be taken from this study relates to the methods used to analyze the community's problems and potential, and to evaluate the performance of the program. It was noted in chapter three that the policy analysis approach to planning became the paradigm during the DREE years. The use of quantifiable efficiency indicators, such as jobs created per dollar spent, continues to be the norm when evaluating the problems and potential of a community, and the effectiveness of a program's performance. Once again, this is supposed to ensure the fiscal accountability of government. However, such quantitative economic analyses of the community's situation and evaluations of the program's performance, without some corresponding qualitative assessment, are inconsistent with CED principles. Community Futures seems to have recognized this, to an extent, and has taken steps toward more qualitative indicators during the selection phase.
The community's lack of ability to deal with its unemployment problems does not have to be demonstrated in an empirical/quantitative manner. It is at the discretion of program officials to accept proposals which demonstrate (in a narrative form) that the community in question would benefit from Community Futures Program assistance and that similar assistance is not available or appropriate from other sources (Decter 1989:99).

The benefits acquired through the development of social services, or the creation of new community-based institutions, or through support of the informal economy, cannot easily be incorporated into quantitative models. Because the goals of CED tend to be qualitative in nature, program assessments which determine efficiency by studying quantitative indicators are inappropriate.

**Recommendation #5**

Quantitative, technical studies will continue to be important in the design and evaluation of policies, however they should be developed in such a way that they are better able to account for the qualitative goals which characterize the CED approach. Some creative research will be required if such programs are to effectively combine quantitative and qualitative techniques. Such techniques are presently being used by some CED projects. For example, the Alberni-Clayoquot Development Society utilizes a Social Impact Rating Scale to determine whether community business investments will be appropriate. As Michael Clague (Clague 1985:9) notes, this illustrates that, "...quantification of social impacts can be used in conjunction with the quantifiable aspects of a business plan."
C. CONCLUSION

In studying Community Futures this paper has illustrated and evaluated the current state of economic development policy in Canada. This study of the design of Community Futures policy has shown that the federal government has for the first time included community members in the development process in a manner which encourages the development of local control and community institution-building. Federal policy has been designed in such a way as to facilitate, to some extent, those CED goals which communities are increasingly valuing. This has implications for both policy makers, whose role it is to develop such programs, and planners who should be aware of the structural strengths and weaknesses of such top-down CED programs as they presently exist.

The major implications for policy makers are illustrated in those lessons and recommendations listed above. The planner, however, must deal with the program as it presently exists. Having established that there can be both positive and negative effects associated with any top-down CED strategy, the role of the community planner is to accentuate the positive and minimize the negative. In the Community Futures case the planner can work with the Community Futures Committee to further facilitate the institution-building process. This might be accomplished by facilitating processes of interaction in which community members attempt to identify their problems and needs, thereby allowing them to better understand the causes of the problems. By doing so the community may develop ideas which might help them to solve problems which Community Futures is unable to address due to its limited mandate. The community planner can use the new locally-based institution to mobilize the community to develop
more institutions, thereby helping it to become self reliant and stable.

The role of the government employed planner working within the bureaucracy should be similar to that of the community planner. Such a planner, who is sensitive to the needs of the community and to the limitations of the top-down program, can attempt to minimize the restrictive nature of the guidelines which are imposed by government. The state planner can also attempt to foster the further development of community-based institutions.

The role of the planner is, then, to build upon the positive effects of the state program so that the community can itself address those CED objectives which the top-down program is too limited to affect.
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VII. APPENDIX

ACTIVITIES OF FIVE COMMUNITY FUTURES COMMITTEES

IN BRITISH COLUMBIA †

Greater Trail Community Futures Committee

30/05/86– Community selected.
08/09/86– Committee agreement signed.
01/05/87– BDC agreement signed.
21/07/87– SEI Approved.
01/07/88– Relocation and travel assistance approved.
29/08/88– Community Initiatives approved. Completed 31/03/90.

BDC and CFC have moved into Business Centre (incubator) built with Community Initiatives funds. CFC is working along with other community/regional groups in attempting to consolidate economic development groups in the area. Has participated with Central Kootenay CFC training initiatives, including establishing a coordinating group. Is presently involved in joint funding on in-bound tour company.

Okanagan North Community Futures Committee

03/11/86– Community selected.
11/02/87– Committee approved.
04/03/87– Committee agreement signed.
01/10/87– BDC conversion from LEAD Corporation.
01/12/87– SEI approved and implemented. The implementation was smooth. The Vernon CEC and the BDC staff have and continue to work well together to deal with the heavy demand for this option.
15/10/88– Request for additional SEI contracts for 88/89 fiscal year approved.
01/10/88– Series of radio ads aimed: 1. SEI-SARS, 2. SEI–UI. Very successful result.
20/04/89– Coordinating group for North Okanagan Skills Unlimited Training Society signs agreement with CEIC.

26/05/89—CFC Directors and Staff Strategic Planning Session Part II to complete process commenced in January.

30/08/89—Coordinating Group Pilot — concludes successfully. Evaluation completed. The coordinator is conducting a Training Needs analysis for the North Okanagan area.

02/09/89—3rd year renewal BDC approved by Minister.

10/89—The CFC and BDC, in cooperation with the Okanagan/Similkameen CFC/BDC organized an Import Replacement program. They have established an Okanagan Marketplace Program in cooperation with the Ministry of Regional Economic Development. This may ultimately include most of the CFCs in Region #3, Thompson/Okanagan Region, discussions are underway with the province and all CFCs/BDCs in Region #3.

18/10/89—A successful meeting of all North Okanagan Development Organizations was hosted and held by the ONCF.

31/10/89—"Skills Unlimited" obtained approval for 3 training courses — Entrepreneurship for SEI clients, Management and Production Skills Program. These courses will end March 31, 1990. The Okanagan Marketplace Program commenced January 1990 – Doug Williams.

03/90—A second meeting of all North Okanagan Development organizations is planned for March 1990.

03/90—Board and staff continue to pursue matching funding and fine-tuning of their Community Initiatives project — North Okanagan Business Incubator or Entrepreneurial Training Centre.

03/90—Approximately 92 SEI contracts have been approved. The committee has completed a comprehensive evaluation of the SEI program and received an additional approval for 288 SEI contracts. The Okanagan North Community Futures Corporation and the North Okanagan Development Corporation continue to be active partners in the "Business Place" a cooperative, one-stop centre for business and community economic development. The other two partners are the Vernon and District Chamber of Commerce and the Okanagan Business Development Centre – Owner Development Program. BCB Network and Enterprise Centre In A Box (Economic Development Resource Library) came on stream in June ’88. This Library is well used. TEC Coordinator added which provides info on training, etc. via Ministry of Advanced Education data banks. The BDC has prepared a Business Opportunities Report for the CFC titled "Manufacturer's Agent."

03/90—Skills Unlimited – CFC continues to support the local training committee. A comprehensive training strategy is being prepared to assist Skills Unlimited to deliver market-driven training programs.

03/90—Okanagan Film Commission – the CFCs in Vernon, Kelowna and Penticton are in the formative stage of establishing a regional film commission. Each CFC will appoint directors and staff resources to support activities of the Okanagan Film Commission who will work cooperatively with the B.C. film Commission and other community groups.

03/90—Forestry Committee – newly formed committee has been established with representatives from all local major mills, and B.C. Ministry of Forests.
They meet to discuss and plan the future of forestry and environmental projects in the area.

01/06/90– Thompson Marketplace Program commences. A Joint Import Replacement program with the region's economic development officers, the Province and CFCs – Salmon Arm, Merritt and Thompson Country. Ken Ellerbeck commences as the broker.

**Thompson Area Development Association**

03/07/86– Community selected.
29/10/87– Committee agreement signed.
09/12/87– BDC agreement signed.
12/02/87– SEI approved.
01/12/89– BDC renewed.

The committee has been very active. They have expanded their sub-committee structure, particularly in the area of tourism. They have just completed a report on the economic impact of the expansion of the NL’AKAPXM Eagle Moorplex on behalf of the Ashcroft–Cache Creek Business Association.

The Business Development Centre is working on their year 4 renewal proposal. As well, the board is reviewing policies and procedures.

**Central Island Community Futures Committee**

24/10/86– Community selected.
19/02/87– Committee approved.
09/03/87– Committee agreement signed.
20/07/87– Coordinator hired to update and analyze economic strategies and develop an economic recovery action plan.
13/08/87– BDC agreement signed.
06/10/87– Community profile completed. SEI recommended.
24/11/87– SEI approved.
25/02/88– Sectoral study groups on tourism forestry and aquaculture completed. Target date for final draft of strategy 01/07/88.
04/04/88– SEI upward amendment recommended by RAC.
17/05/88– BDC renewal recommended by RAC. Sectoral study groups on manufacturing, commercial fishing, cottage industries, retirement and hi-tech completed.
14/06/88– One day "think tank" took place to clarify priorities and roles that can be achieved.
20/09/88– Final draft of 4 year workplan presented and approved by committee.
02/89– SEI evaluation carried out.
26/07/89– Third year BDC renewal approved.
15/08/89– SEI upward amendment recommended by RAC.
21/09/89– SEI approved. The committee is taking a serious look at Community Initiatives Fund and hopes to have a proposal in place in early 1990.
05/05/90– Committee held a retreat to look at future directions of committee. Facilitated by George Meehan.

North Coast Community Futures Committee

28/10/86– Community selected.
12/03/87– Committee approved.
27/05/87– Committee agreement signed.
01/09/88– BDC renewal approved by Minister.
07/09/88– Regional Assessment Committee recommended SEI option to Minister.
30/09/88– Consultant presented final draft of economic/employment strategy to the CFC.
11/88– SEI orientation session held.
12/88– Publication of "North Coast Community Futures: Strategies for Development."
01/89– SEI option approved by Minister.
02/89– The North Coast CFC host a successful one day economic review and development workshop.
03/89– Phase one marketing for the SEI option completed.
03/89– Committee begins to set up a process for generating and supporting community initiatives.
04/89– Community Initiatives briefing session is held. Gillian Trumper from Port Alberni spoke about the Alberni–Clayoquot CFC's approach to and experience with CIF. Four SEI contracts have been signed.
07/89– BDC is recommended to Minister for another year of funding.
Since March there have been 120 enquiries regarding SEI resulting in 15 SEI clients as of August. The CFC sponsored an economic development conference and several seminars/briefings. The CFC plans to re–define its role and will continue to look at ways of improving regional access to resource materials and advisory services. The CFC staff continue to maintain connections with other organizations and agencies.

09/89– BDC renewed.
10/89– The NCCFC held an organizational development workshop.
11/89– SEI activity remains steady.
01/90– Workshop on Board roles and responsibilities is held.
01/90- SEI activity continues at a steady pace.
05/90- The CFC finishes preparation of its SEI evaluation and renewal.
05/90- The BDC submits its annual renewal proposal.