

**DO GOALS DRIVE STRATEGIES?:
DIFFERENCES IN CANADIAN AND US APPROACHES TO LOCAL ECONOMIC
DEVELOPMENT**

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There is be mixed evidence regarding the extent of planning for local economic development decisions and there is a general dearth of studies that examine whether rational planning is tied to policy choices in any systematic way. While some scholars have suggested that economic development policy is the result of rational planning practices (Pagano and Bowman, 1995), others have found limited evidence of planning and evaluation (Reese, 1993; Reese and Rosenfeld, 2002). Given the debate in the literature over the effectiveness of economic development practices, particularly financial incentives (Schwarz and Volgy, 1992; Hood; 1994; Wassmer, 1994; Lynch, et. al., 1996; Wassmer and Anderson, 2001; Peters and Fisher, 2004), an empirical analysis of the presumed link between planning practices and resultant policy choices is of great importance.

The literature on local economic development evidences limited discussion of planning and evaluation and their relationship to policy use, however. While there are laments regarding the absence of such planning, and about the political and environmental factors which lead local officials to “shoot anything that flies and claim anything that falls” (Rubin, 1988), there are fewer suggestions regarding what techniques might be employed, how and under what circumstances they might be implemented, and what the likely positive impact might be in terms of allowing local officials to use planning to discriminate among potential local economic development policies. This analysis is based on the simple assumption that for planning to play integral part of the economic development policy process there should be some empirical connection between local economic development goals—what officials want to achieve—and the economic development strategies they pursue. And, since a great deal of research has focused on

differences in approach to both planning and economic development in Canadian and US cities, this research explores the goal/strategy nexus using a national survey of cities in both countries.

LOCAL DEVELOPMENT GOALS AND PLANNING: US AND CANADIAN TRENDS

Planning and Development

Clearly, planning has been recognized as an integral part of the economic development enterprise. Levy notes that, “virtually all the usual elements of comprehensive planning have some relevance to a rational model approach to economic development planning” (1990:153). And, the scholarly planning literature has portrayed economic development as a rational process amenable to rational planning processes (Bendavid-Val, 1980; Malizia, 1985; Friedman and Darragh, 1988). As Levy succinctly states:

It would certainly be desirable if we could integrate local economic development programs into the community planning process. When successful, the economic developer’s efforts change the community. Obviously, it would be better for this to be done by design than by accident (1990:158).

Such admonitions aside, research has suggested that local economic development decision-making is both irrational from a planning standpoint and rational from a political perspective. In this sense, decision-makers, whether elected or appointed, chose certain kinds of projects--often those that are easily visible and involve short-terms gains--due to competition with other cities, uncertainty over which policies actually “work” and the knowledge that some results will be necessary to keep their jobs (Rubin, 1988; Wolman, 1988; Reese, 1993; Reese and Fasenfest, 1997).

It is not surprising that research examining the extent of rational planning in local economic development has indicated a clear lack of such activity. In a survey on the use of “rational model activities,” Levy found that local decision-makers were much more likely to

focus their efforts on sales activities; indeed, “the preponderance of sales, as opposed to rational-model responses is evident” (1990:154). Other studies of the use of particular planning tools reported similar findings. For example, only 29% of cities in the Province of Ontario have used fiscal impact analysis to project the costs associated with either residential or non-residential development, and of those, most had used it rarely or only once (Celentano, 1992). Cities were more likely to have used such techniques if they had larger populations and experienced greater growth pressures. In a similar vein, McCrary and colleagues (1993) found only limited use of computer-aided spatial information systems, with larger cities more likely users.

Other research has indicated that the extent of planning for and evaluation of local economic development policies in cities in the US and Canada is relatively limited and that this is the case even among Canadian cities where previous research would lead to opposite expectations (Reese, 1997). Further, increased planning does not appear to make a difference in the economic development strategies pursued in a city; planning and evaluation methodologies are positively correlated with a wide range of development techniques (Reese and Rosenfeld, 2002). Clearly there is much more to be understood about the connections between planning, goal-directed policy behavior, and local economic development.

Canadian/US Comparisons

Cross-national studies of local economic development policy comparing US and Canadian cities is expansive though much work has been limited, case study or anecdotal in nature, aimed at large central cities, or focused on a single state/province comparisons (Bettison, et. al., 1975; Feldman and Graham, 1981; Sancton, 1983; Reese, 1993; Turner and Garber, 1994; Garber and Imbroscio, 1996). More recent research has examined a large number of Canadian

and US cities using survey methodology (Reese and Fasenfest, 1996; Reese and Rosenfeld, forthcoming).

While arguments have been made that the environmental and cultural context of cities in the two nations are so different as to obviate the possibility of comparison (Goldberg and Mercer, 1986; Smart, 1994), other work strongly suggests that the local governance context in the two nations is becoming increasingly similar, particularly in the forces shaping economic development policy. For example, similar global economic forces--the increased importance of the service economy, the pivotal nature of information production and consumption, decreased manufacturing employment, and increased employment in administrative and governmental positions--have affected the economies of Canadian and US cities in a similar manner, albeit perhaps lagging in the former (Davies and Donoghue, 1993; Davies and Murdie, 1994; Randall, 1994; Rothblatt, 1994). Local impacts of globalization have included loss of tax base, increasing structural unemployment (Filion, 1987), increasing disparities among cities in income levels and economic activity (Gertler and Crowley, 1977), loss of central city population and concomitant fiscal stress (Nathan and Adams, 1989; Randall, 1994), and an increasing inter-city competition for and conflicts over development and resources (Woodside, 1990; Rothblatt, 1994).

To respond to international economic trends and resulting local fiscal stress, cities in Canada and the US employ similar economic development techniques, including financial incentives or inducements (Whelan, 1989), creation of quasi-public redevelopment corporations (Leo and Fenton, 1990), and direct municipal investment (Artibise, 1988). Competition for economic development is salient in both nations. Although important variations exist between provincial governments, many allow cities to compete for development fairly autonomously in a manner similar to cities in the US (Bettison et. al., 1975).

Research explicitly comparing economic development policy and process in Canadian and US cities over time has indicated that, while there are some differences in local government structure, the organization of economic development is essentially the same, that economic stress is viewed in a similar fashion, and that local officials define economic development goals in similar ways. Although Canadian cities devote more operating revenues and personnel to economic development, perceptions of goal attainment do not appear to differ significantly. While the specific strategies employed to foster economic development are generally similar, cities in the US are more likely to rely on financial incentives while cities in Canada are significantly more likely to link economic development incentives to benefits from firms to the locality. Still, the same techniques predominate--the differences between Canadian and US local economic development policy tend to be of scale not substance (Reese and Fasenfest, 1996). And, policy use has increased almost across the board in cities in both countries over time (Reese and Fasenfest, 1997), although this latter trend appears to have slowed in recent years at least for US cities (Reese and Rosenfeld, forthcoming).

There are a few differences among Canadian and US cities as they relate to local development policy, however. For example, Canadian cities have higher levels of residential need for local services (lower incomes, higher unemployment and poverty), and local officials in Canada are more likely to feel the pressures of inter-city competition for development. Perhaps as a result, Canadian cities devote more resources to economic development, place more emphasis on small business development and new business start-ups, and rely less on loan schemes and financial incentives as economic development strategies but are more active in marketing and community promotion. Yet these differences are relatively minor and the overall

conclusion is that country appears to have very little relationship to the nature of the economic development policy-making environment (Reese and Rosenfeld, 2002).

METHODOLOGY

The Database

This research is based on a survey mailed in the spring of 2001 to all 2,904 municipalities in the US with populations over 10,000 and all 450 communities of the same population size in Canada. The International City/County Management Association (ICMA) provided the mailing list for US cities, and the Federation of Canadian Municipalities provided the list of Canadian cities. A survey was sent to the chief executive officer in each community with a request that it be completed by the official most familiar with economic development. After several follow up calls and mailings, 752 U.S. municipalities (a response rate of 26%) and 104 Canadian municipalities (a response rate of 23%) responded to the survey.¹ While these rates may seem somewhat low, they are comparable to other surveys focusing on local economic development officials including those conducted by the International City/County Management Association, approximately 30% (ICMA, 1989;1999).

The US cities responding to the survey are similar in size to the universe of cities; mean and median population size of responding communities is 47,100 and 23,546 and for the universe of cities it is 38,860 and 19,515 respectively. For Canadian cities the mean and median population size of responding cities is 189,658 and 33,438, and for the universe it is 139,904 and 27,183, respectively.² In both cases, larger communities are over-represented among those responding to the survey, although the median size differs by just over 4,000 in the US and 6,000 in the Canadian samples.

Respondent Traits

Table 1 provides data on the traits of responding individuals and municipalities.⁴ City managers and economic development directors were most often the respondents to the survey, with Canadian respondents more likely to be city managers. Trends in form of government are essentially similar for US and Canadian cities. In both countries municipalities tend to have nonpartisan elections, at-large city councils, and city managers, although the tendency toward reformed structures is significantly higher among Canadian cities.

Despite recent trends toward regional governance, almost all responding municipalities are independent rather than part of a two-tier or other type of regional arrangement. Canadian and US cities are significantly different in their place in the urban hierarchy, however. For example, in the US the largest percentage of responding municipalities are outer-ring suburbs, followed by nodal cities in rural areas, and inner-ring suburbs. Responding Canadian cities, on the other hand, are much more likely to be nodal cities in rural areas.

Economically, responding communities fared reasonably well during the high growth period of the late 1990s, although Canadian respondents indicated significantly less growth over the past five years and projected less growth over the next five-year period. This is a reasonably accurate reflection of the comparative US and Canadian national economies. The largest percentages of cities in both nations indicated that their local economy had grown at least 5% over the past five years and were expecting at least 5% growth over the next five years.

Table 1 Respondent Traits

	US	Canada
Respondent*		
Economic Development	34	39
City Manager	34	52
Planner	15	4
Other Administrator	8	4
Mayor	9	2
Council	**	0
Form of Council*		
At-large	50	59
Mixed	28	14
Ward	23	27
Elections*		
Non-partisan	64	75
Partisan	36	25
Government Structure		
Independent	92	87
Intergovernmental	8	13
Executive*		
Commission	6	5
City Manager	43	49
Weak mayor/administrator	18	33
Weak mayor	4	1
Strong mayor	28	12
Location*		
Central city in metro area	11	16
Inner-ring suburb	26	15
Outer-ring suburb	31	10
City in a rural area	28	52
Rural community	5	7
Projected Economic Growth*		
Mean	5.53	5.32
-25%	0	1
-10%	**	0
-5%	**	1
0%	8	4
+5%	42	55
+10%	36	34
+25%	14	4
Past Economic Growth*		
Mean	5.50	4.85
-25%	0	1
-10%	1	3
-5%	4	10
0	10	17
+5%	34	40
+10%	32	21
+25%	20	7
SEV – Mean*	\$0.9b	\$3.5b
% Developable land – Mean*	14%	26%

** Less than one percent * Significantly different at .05 level

Measures of taxable land value are always somewhat misleading because of state/provincial and local differences in valuation systems. With this caveat in mind, the mean value of local property is just under a billion dollars for US cities and is \$3.5 billion for Canadian cities (US) or \$2.2 billion (CA). Land values in responding Canadian cities are significantly higher, due likely to their larger size. Finally, on average, 14% and 26% of land within the responding municipalities remains vacant and developable (for US and Canadian cities, respectively), with Canadian cities having significantly more land still available for development.

FINDINGS

Comparative Patterns in Development Goals

Municipalities in both nations identified the following as their five most important economic development goals; expansion and retention of existing businesses, attraction of new investment, downtown development or redevelopment, economic base diversification, and small business development (see Table 2). Canadian cities also included tourism development among their top five goals (tied for fifth with downtown development). Cities in both countries are least likely to emphasize social equity goals. Beyond these general trends, there are several significant differences in economic development goals between cities in Canada and the US. For example, Canadian cities are significantly more likely to emphasize economic base diversification, growth management, minority business development, small business development, service sector growth, social equity and tourism goals. Thus, while it is clear that cities tend to be most concerned with the traditional goals of business attraction and expansion, regardless of location, Canadian cities have a higher regard for balanced economic development. In addition to traditional goals, Canadian decision-makers place greater weight than their US counterparts on

growth management, minority business development, and social equity—goals that speak to a slightly different vision of what economic development is supposed to accomplish. Here, it appears that Canadian local officials are more likely than those in the US to balance development with growth management and to focus on the distribution of the benefits of growth. Thus, they are more broadly focused than their U.S. counterparts.

TABLE 2
Economic Development Goals
 (Mean – based on 7-point scale)

	US	Canada
Expand/retain business	6.16	6.23
Attract new business	5.88	6.14
Diversify the base*	5.46	6.03
Downtown development	5.50	5.43
Small business*	4.68	5.66
Tourism*	4.32	5.43
Neighborhood dev.	4.14	4.10
Service growth*	4.02	4.94
Growth management*	3.61	4.14
Minority business*	3.56	4.19
Social equity*	3.34	3.75

*Significantly different at .05 level

Correlation Between Goals and Strategies

At the outset a caveat is necessary here; since this paper is still exploratory the analysis here is more methodologically driven than theory driven. In short, factor and correlation analysis are used in different ways to explore the connections between goals and strategies in cities in both nations to begin to develop some testable hypotheses about goal-directed economic development policy behavior.

First, simple bivariate correlations were run between the eleven individual economic development goals just discussed and 34 policy options. The results of this analysis were unwieldy and, particularly for US cities, the individual goals did a very poor job of discriminating among policy use.³ To simplify the presentation, a factor analysis was performed

on the eleven goals to group them into a smaller set of conceptually different emphases and four foci resulted—traditional goals, bootstrap or progressive goals, tourism, and growth management (see the Appendix for factor analysis results).⁴ Traditional goals include attraction and retention of industry and economic base diversification. Bootstrap or progressive goals reflect an emphasis on developing new, local enterprises that are smaller and often minority or female-owned. Social equity concerns are also part of this goal profile.

Table 3 presents correlation data for US cities. The first clear observation here is that specific goals do not appear to distinguish among different policy options with the exception of growth management or limitation. In cities where this is a priority, economic development strategies are relatively limited and focus on local investment (arts, special events, services, and infrastructure including downtown streetscapes). Each of the other goals are significantly correlated with between 31 and 33 (i.e. all but one) of the economic development policies. In short, as has been suggested in previous research, the presence of economic development goals appears to prompt cities in the US to pursue all types of economic development policies in almost a scatter shot manner (Reese and Rosenfeld, 2002). Particular goals do not lead to discrimination among economic development strategies.

Table 3
Correlations Between Goal Indexes and Strategies in US Cities

	Traditional	Bootstrap	Tourism	Growth Mgt
Arts	.19**	.32**	.32**	.09*
Linkages	.22**	.28**	.25**	.08*
Industrial parks	.21**	.16**	.25**	-.02
Infrastructure	.27**	.22**	.18**	.18*
Incubators	.20**	.27**	.22**	-.09
Growth mgt. Zoning	.07	.19**	.13**	.37**
Foreign bus.	.25**	.23**	.22**	.03
Service fees	.02	.06	.08*	.24**
Special events	.25**	.26**	.32**	.09*
Export markets	.23*	.24*	.24**	.02
Tax districts	.16**	.17**	.06	-.06
Site promo	.44**	.16**	.24**	-.02
Site assembly	.28**	.26**	.18**	-.03
Services	.23**	.25**	.24**	.20**
Relocation	.29**	.24**	.23**	.06
Rehabilitation	.20**	.36**	.21**	.02
R&D	.19**	.26**	.25**	.05
Promotion	.42**	.22**	.30**	.01
Property Mgt.	.18**	.26**	.26**	.07
One-stop	.23**	.10**	.14**	.08*
Ombudsperson	.25**	.12**	.16**	.06
Base reuse	.04	.03	.09*	-.02
Loans	.31**	.32**	.24**	-.05
Sale-lease	.20**	.18**	.20**	.04
Dev. Zones	.31**	.32**	.22**	-.05
Performance guarantees	.22**	.15**	.24**	.02
Streetscape	.29**	.26**	.26**	.08*
Employ. Reqs	.31**	.29**	.29**	.07
Tax policies	.30**	.21**	.21**	-.08*
Tech asst.	.25**	.34**	.29**	.03
Utility rates	.18**	.21**	.17**	.04
Training	.25**	.28**	.29**	-.01
Visits	.34**	.19**	.29**	-.03
Require training	.27**	.34**	.34**	.08*

* correlation significant at .05

** correlation significant at .01

The relationship between goals and strategies is quite different for Canadian cities. A brief scan of Table 4 shows that goals appear to lead to more policy discrimination here. Not only are individual goals related to fewer policies (between 5 and 13), but there is a general prima facie logic to most of the significant correlations. For example, a goal emphasis on tourism is related to many activities that would logically enhance the tourist industry and tourism amenities: special events and the arts, infrastructure investment and downtown streetscapes, marketing and promotion, and site selection assistance and rehabilitation of older buildings. Similarly, traditional attraction and retention goals are related to development of export markets and industries, attraction of foreign businesses, visits to prospective firms, and avoidance of growth controls.

While these relations are by no means perfect, each goal is also related to a few policies that don't seem a logical "fit," the pattern is very different from that of US cities. Part of the greater Canadian connection between goals and policies may lie in the fact that few policies are significantly correlated with attraction and social equity goals, for example. Still, there is a much clearer focus of efforts on the northern side of the Canadian/US border and the different goal/strategy dynamics might be analogous to how a gourmet and a gourmand approach the goal of alleviating hunger. Canadian cities appear to be more discriminating while US cities just go for everything on the table.

Table 4
Correlations Between Goal Indexes and Strategies in Canadian Cities

	Traditional	Bootstrap	Tourism	Growth Mgt
Arts	.19	.09	.38**	.09
Linkages	.04	.01	.04	.27**
Industrial parks	.20	.08	.16	.12
Infrastructure	.13	.21*	.26*	.08
Incubators	.16	.11	.19	.13
Growth mgt. Zoning	-.24*	-.15	-.03	.16
Foreign bus.	.28**	.15	.25*	.09
Service fees	.05	-.24*	.10	.03
Special events	.24*	.10	.48**	.00
Export markets	.23*	.17	.20*	.27**
Tax districts	-.05	.09	-.01	.24*
Site promo	.13	.05	.26*	-.01
Site assembly	.03	.06	.21*	.07
Services	.02	.07	.11	.00
Relocation	.10	-.03	.26*	-.05
Rehabilitation	.13	.19	.29**	-.02
R&D	.18	.12	.10	.11
Promotion	.13	-.05	.25*	.02
Property Mgt.	.10	.17	.17	.07
One-stop	.13	-.27**	.21*	.11
Ombudsperson	.03	-.26**	.01	-.04
Base reuse	-.02	-.09	.09	.08
Loans	.18	.24*	.03	-.06
Sale-lease	.01	.19	.19	.19
Dev. Zones	-.02	.10	.10	.25*
Performance guarantees	.02	.09	.03	.23*
Streetscape	.28**	.31**	.33**	.11
Employ. Reqs	.11	.09	.13	.77**
Tax policies	.09	.17	-.03	.10
Tech asst.	.20	.20*	.19	.01
Utility rates	.04	.42**	.07	.17
Training	.15	.02	.02	.06
Visits	.33**	.17	.29**	.07
Require training	.10	.08	.04	.16

* correlation significant at .05

** correlation significant at .01

Conceptual Linkages Between Goals and Strategies

While the analysis above indicates significant correlations between goals and policies, factor analysis implies a different relationship; specifically exploring possible underlying conceptual systems of goals and strategies. The purpose of factor analysis is to identify underlying explanations for the pattern of correlations within a set of observed variables. Thus, it was employed here to try and identify potential explanations for the correlation patterns just described. All of the goals and economic development policies were entered into a factor analysis to identify conceptually distinct groupings of goals and policies. The results of this analysis are presented below, first for US and then for Canadian cities. While this exercise comes to essentially the same conclusion as the correlation analysis, there are some interesting details that are not evident in the bivariate correlations.

Table 5 presents the factor analysis data for US cities. For the analysis all of the individual goals and policies were entered at once, i.e., no *a priori* assumptions were made regarding which goals should or would factor with a particular set of policy choices. Nine conceptually different factors resulted; however in only three cases did goals and strategies load on the same factors. This again suggests that for US cities the linkage between goals and policy behavior is relatively tenuous. However, the four goal/policy factors do appear to represent logical conceptual schemes

The first factor represents the traditional economic development goals of attraction, retention, economic base diversification, and development of the service industry. Economic development incentives associated with these goals are tax policies (abatements, deferments) and marketing and promotion activities. An emphasis on downtown development is associated with investment in the arts, special events such as fairs, festivals, and downtown days, investment in

downtown streetscapes, and enhanced services. Finally, growth limitation goals load on the same factor as growth management zoning but with no other economic development policies. In short, for US cities there is a limited pattern of association between certain goals and economic development policies. However, the bulk of economic development activity appears conceptually separate from any particular goal. This conforms to the correlation analysis that indicated that goals produce strategies with little discrimination in practice.

The factor analysis results for Canadian cities are presented in Table 6 and present an interesting conundrum. The correlation analysis for Canadian cities indicated a better match of goals to strategies in practice; in other words Canadian cities appear to have more focus to their economic development efforts and a more rational connection between goals and strategies. Factor analysis, however, suggests less conceptual connection between goals and policies than was present for US cities. For example, there are only three factors that contain both goals and policies. These include, as in the US, a growth limitation factor that incorporates growth management goals and policies that establish special tax districts, linkage programs, growth management zoning, special development zones, and performance guarantees. While it is not clear that special development zones such as downtown development districts and tax increment finance authorities would limit growth, in Canada special development zones would also include those that limit land speculation (such as industrial development zones), and the presence of development zones in general may represent a greater effort to regulate the placement of development via zoning. A downtown development factor is also present in Canada and includes downtown and neighborhood development goals and social equity. However, the only development policy conceptually associated with these goals is downtown streetscapes. Finally,

there is factor that includes tourism and service industry investment goals and infrastructure investment, and special events such as fairs and festivals.

DISCUSSION

This initial exploratory analysis suggests several trends that need further exploration. First, the correlation analysis suggests several initial observations or conclusions. Goals, for US cities, appear to be the necessary ingredient in an active economic development agenda. They may provide the resources, impetus, or perhaps community consensus necessary to pursue economic development in an aggressive manner. However different goals do not discriminate between economic development policies. In other words goals lead to activity for US cities, they do not focus it. It is possible that goals are not the product of explicit planning and consensus-building exercises, but rather, the result of common expectations among economic development officials.

In Canadian cities, goals appear to drive economic development strategies to a greater extent, at least when bivariate correlations are considered. This may be the case because their initial goals represent a more balanced emphasis on both development and equity. At the same time while it is clear that goals do not appear to cause frenetic policy behavior in Canadian cities, fewer policies are actually correlated to goals and the underlying system of goal/policy relationships are not as clear based on factor analysis. This suggests that while there is less unfocused behavior, goals are not highly related to policies in cities in Canada overall. Goals may not really drive strategies policies in Canadian cities but officials there are less likely to embrace all possible economic development incentives perhaps because of greater provincial restrictions on their use.

While there appears to be only very limited conceptual connections between goals and policies in either country, particular goal profiles do appear tied to specific development policies. This is particularly the case for downtown development and growth management goals. Cities that emphasize either of these goal profiles are more likely to focus their development efforts on a more narrow and targeted array of policies. It should be noted of course that such growth management goals and policies are not held/practiced in a large number of cities.

Future Research Questions

There are a number of potential methodological and substantive reasons for the lack of connection between development goals and strategies. Regarding the former it is very possible that a cross-sectional survey is not the best way to explore this issue. Goals in the current time period may be more reasonably related to policies five to ten years from now, assuming that goals drive future policy activity. Looking at historic goals (using prior surveys) and current policies might be a superior method of analysis and is currently being conducted.

Surveys may not be the best way to assess the relationship between goals and strategies. One option would be to use face-to-face interviews or more open-ended survey questions to ask local officials to explicitly discuss what they see as the connections between goals and policies. For example, they might be asked to describe what strategies they would pursue if their primary goal was downtown development and so on.

The question of why goals appear to lead to more economic development activity across the board in US but not Canadian cities raises an interesting substantive question for future research. It is possible that having goals represents different things in cities in the two countries. For example, goals in the US may simply be a reflection of the ability of local development officials to identify a list of things they would like to see their city achieve. And, this list of

goals could be identified without any particular community consensus-building or planning processes. Goals for Canadian cities, perhaps because of a stronger tradition of local planning, may actually represent the end result of systematic community planning about economic development. If this were the case then it would be logical that goals should be more tightly related to strategies. Differences in planning processes should be explored to see if cities with more extensive economic development planning processes are better able to use goals to discriminate among strategies.

Another issue for future research may lie in the changing nature of the goals themselves. A recent examination of changes in economic development goals in cities in Canada and the US over time is instructive. In the US, cities appear to be devoting less attention to existing business retention/expansion, base diversification, and small business growth, while the emphasis on social equity and minority businesses development (although both remain relatively low on the priority list) has increased. In Canada, cities seem to be placing greater emphasis on several goals: downtown development, tourism, neighborhood development, social equity, and minority businesses. This suggests that US cities are subtly moving away from traditional approaches toward social equity strategies broadly defined while in Canada, greater attention is being given to almost all other areas. Officials are moving toward a more comprehensive and active set of policy goals (Reese and Rosenfeld, forthcoming). What do these findings say about the issue at hand? First, if Canadian officials are expanding their goals it might also be the case that policy activity is not as tightly related to goals because of the shifting goal terrain. And, this goal expansion might imply a loss of economic development focus, tending to separate goals from policy responses.

In a similar vein, changes in policy use over time may also cloud the relationships between goals and policies. Prior research has identified a tendency for Canadian cities to expand their repertoire of economic development activities, in several cases increasing the use of traditional location incentives commonly employed in the US. US cities, on the other hand, appear to be institutionalizing a relatively conservative and traditional package of economic development policies. There is some evidence then that Canadian cities are increasing their use of several policies traditionally employed at greater historical levels in the US, specifically, loans and other financial incentives such as tax abatements. However, the use of such policies, while increasing, remains relatively low among Canadian cities (Reese and Rosenfeld, forthcoming). This may suggest that while US cities are becoming more focused on traditional locality development activities, Canadian cities are still shifting in their policy exploration and may still be in a process of experimenting with and “borrowing” policies from the US. Indeed, extant literature suggests that this policy borrowing process tends to work from the US to Canada rather than the other way around (Bennett, 1990; Hoberg, 1991; Rochefort and Goering, 1998). To the extent that some policy convergence is taking place it may explain why goals are not as closely tied to any particular policies for Canadian cities. Economic development strategies may be driven by emulation while goals appear to remain more distinctive. This also raises the question of whether some extent of economic development policy convergence is going to impact the historically greater traditions of urban planning in Canada.

Table 5
Factor Analysis -- Goals and Policies US

	Factor Loading
<u>Traditional Attraction Emphasis/Policies</u>	
Attraction goals	.77
Retention goals	.72
Diversification goals	.65
Service industry goals	.59
Tax policies	.51
Promotional policies	.64
<u>Downtown Development Emphasis/Policies</u>	
Downtown development goals	.65
Arts investment	.66
Special events	.72
Downtown streetscape	.83
Service investment	.54
<u>Growth Limitation Emphasis/Policies</u>	
Growth limitation goals	.83
Growth management zoning	.83
<u>Policy Factor 1</u>	
Incubators	.62
Direct loans	.50
Research and development	.69
Technical assistance	.63
Utility subsidy	.53
Underwrite training	.63
<u>Policy Factor 2</u>	
Property management	.67
Rehabilitation of buildings	.62
Relocation of business	.70
Site assembly	.75
<u>Policy Factor 3</u>	
Export markets	.63
Foreign business attraction	.77
Site promotion	.59
Visits to firms	.73
<u>Policy Factor 4</u>	
Ombudsperson	.77
One-stop	.72
<u>Policy Factor 5</u>	
Military base reuse	.81
<u>Policy Factor 6</u>	
Linkage programs	.61
Special development zones	.49
Performance guarantees	.71
Targeted employment requirements	.65
Require training	.61

Table 6
Factor Analysis -- Goals and Policies Canada

	Factor Loading
<u>Growth Limitation Emphasis/Policies</u>	
Growth management goals	.69
Special tax districts	.64
Linkage programs	.58
Growth management zoning	.41
Special development zones	.59
Performance guarantees	.62
<u>Downtown Development Emphasis/Policies</u>	
Downtown development goals	.60
Neighborhood development goals.	.87
Social equity goals	.79
Downtown streetscapes	.57
<u>Tourism Emphasis/Policies</u>	
Service sector development goals	.78
Tourism development goals	.85
Special events	.76
Infrastructure investment	.54
<u>Policy Factor 1</u>	
Export markets	.76
Foreign business attraction	.78
Promotion	.71
Site promotion	.57
Visits to firms	.76
<u>Policy Factor 2</u>	
Industrial parks	.49
Loans	.75
Research and development	.56
Technical assistance	.49
Training	.78
<u>Policy Factor 3</u>	
Property management	.66
Rehabilitation of buildings	.71
Relocation of business	.54
Site assembly	.52
<u>Policy Factor 4</u>	
Impact fees	.75
Ombudsperson	.82
One-stop	.49
<u>Policy Factor 5</u>	
Incubators	.81
Tax policy	.50
Sale-lease back	.57

Endnotes

¹ In emails and phone calls, a number of municipalities indicated that they did not actually have the requisite population of at least 10,000. Therefore, it is likely that responding cities represent a somewhat larger portion of the total because some of the non-responses were self-selected on the basis of insufficient population. The population criteria were selected based on the assumption (supported by previous research) that very small communities either tend not to have particularly active economic development programs or rely on regional or county support for their efforts.

² The table below provides a more detailed population comparison of the responding cities and the universe of cities for each country. Based on the comparison, it is reasonable to assume that those cities responding are reflective of the universe.

	US		Canada	
City Size	Universe	Sample	Universe	Sample
50,000 and under	86.2	71.8	69.0	64.9
50,001-100,000	9.6	15.5	15.6	10.4
100,001-250,000	3.3	9.0	8.6	14.3
250,001-500,000	.5	2.3	2.9	3.9
Over 500,000	.4	1.3	3.9	6.5
TOTAL (%)	100.0	99.9	100.0	100.0
Mean	38,860	61,233	139,904	183,177
Median	19,515	28,332	27,183	33,438

³ The full correlation analysis is available from the author upon request.

⁴ For the factor analysis, the standard SPSS default modes were employed including varimax rotation, listwise deletion of missing data, and principle components analysis. A .50 or higher loading was the criteria used for inclusion in a factor. No variable loaded on more than one factor. Factor scores were converted to f or standardized scores due to differences in measurement frame and added to create an index score

APPENDIX

Factor Analysis of Goals

	Loading
<u>Traditional goals</u>	
Attract new business	.81
Diversity the economic base	.70
Develop/redevelop the downtown	.55
Expand/retain existing business	.80
<u>Boot-strap goals</u>	
Develop minority business	.83
Neighborhood development	.76
Small business development	.74
<u>Tourism goals</u>	
Service sector growth	.87
Promote tourism/conventions	.87

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