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Summary of Report On

ECONOMIC GROWTH THROUGH COOPERATION AMONG LOWER COLUMBIA RIVER PORTS
(Published December 14, 1984)

International trade has long been recognized as a key element of Oregon's economy. Exports generate an estimated \$76 million in tax revenues annually. Yet, the state has provided relatively little reinvestment of this revenue in the ports that generate the trade.

Current port structure reflects a relatively antiquated system in a changing international marketplace. While shippers and transportation handlers deal on an international level, ports work within the restraints of their limited local political jurisdictions. This leaves Oregon's ports without an adequate capital funding base to meet future requirements to attract greater trade.

A statewide port authority would provide benefits to Oregon's economic structure through: 1) a broader funding base for capital projects; 2) a unified marketing system to more effectively compete in world markets; 3) cooperative planning in development of major facilities; and 4) improved political clout.

The politics of establishing statewide authority are admittedly difficult. However, the benefits of a stronger economic base for the state outweigh the concerns raised by opponents.

The Committee recommends that:

1. A statewide port authority should be formed in Oregon to offer capital funding resources for individual ports, coordinate ports' development projects and conduct broad marketing efforts.
2. The governor of Oregon should appoint a commission to recommend the legislative actions necessary to achieve a state port authority and to define its duties, powers and funding. An interim committee of the legislature should be appointed to develop, in conjunction with the governor's commission, a proposal for action by the 1987 legislature.

Pending establishment of a statewide port authority, the state and existing port districts could undertake a number of measures:

3. Port districts should increase their contributions to the Oregon Public Ports Association in order to increase the association's activities.
4. Port districts can prepare for a state port authority by increasing cooperation among themselves in regard to marketing and long-range planning. Resources of the Port of Portland should be tapped, with adequate compensation to it.

5. Funding of the Ports Division and International Trade Division of the Oregon Department of Economic Development should be increased to a level that more fully recognizes the contribution of trade and port activities to Oregon's economy.
6. The legislatures of Oregon, Washington and Idaho should provide the Columbia/Snake River Marketing Group with sufficient funding to implement a professional marketing program.
7. Membership of the Columbia/Snake River Marketing Group should be expanded to allow representation by the private sector and by the economic development departments of the states of Oregon, Washington and Idaho.

Copies of the full report are available at the City Club office. The 1984 Study Committee was chaired by William R. Lesh. Committee members were Susan E. Frost, Mary McArthur, John C. Rosenthal, Thane W. Tienson, A. M. Whitaker and Toni Zenker. The Ports Report Taskforce, appointed to monitor progress on the report recommendations, is chaired by John C. Rosenthal. Taskforce members are Xerpha Borunda, Elizabeth Geiger, Colleen Littell, Ellen McNamara, Bob Price, Forrest Rodgers, Dan Saltzman, Bonnie Swayne, Thane Tienson, Gina Whitehill, W. Clark Worth, Helen Youngelson, and Toni Zenker. This group planned the October 9, 1985 program.

NEWSPAPER SECOND CLASS POSTAGE PAID AT PORTLAND, OREGON



REPORT
ON
ECONOMIC DEVELOPMENT COORDINATION

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Report on
ECONOMIC DEVELOPMENT COORDINATION

To the Board of Governors,
City Club of Portland:

I. INTRODUCTION

A. Charge to the Committee

The Committee was given the following charge: "Determine to what extent there is a need for more coordination of entities involved in economic development in the Portland metro area, and recommend an appropriate solution to the problem." This report, therefore, is focused on coordination for economic development and is not an analysis of Oregon's policies and programs in economic development.

B. Background

Oregon's economic difficulties over the past few years have been well publicized. The state's economic base traditionally has relied on forestry, agriculture and tourism. In times of national economic downturn, Oregon's economy has suffered. The state's unemployment during recessions typically exceeds the national average and the state's economy is slower to recover than the nation's economy. The state unemployment rate at times has risen to over 10% and has been above 20% in several counties with forest product-based economies.(1) In part due to the state's economic difficulties, there was a net out-migration of 30,000 Oregonians in 1982.(2)

The City Club has been concerned with economic development in previous studies. In 1980 a committee analyzed the broad topic of economic development policy. However, the scope of the study was considered too broad and no report was produced. The 1980 "Report of a Vision of Portland's Future" pointed out that "a healthy economy is the cornerstone of a healthy society," and discussed the need for coordination between government and business. The 1983 "Report on High Technology Industry-Education Cooperation" described the close relationship necessary between the state's higher education system and the needs of high technology industries for well-trained production workers, engineers, and research and development staff.

The City Club requested this study to determine whether current economic development efforts are adequately coordinated and whether improvements are needed. Several public and private groups have responsibility for programs which affect economic development. These include the Economic Development Commission and other state agencies, the Port of Portland, the Portland Development Commission, city and county governments, private businesses, labor, and business organizations. The Committee investigated whether these groups were working constructively with each other or using disparate approaches which reduce the overall economic development effort. Our measuring

rods were willingness to share information and prospects, and the degree to which actions were guided by clear and consistent goals and strategies.

Coordination of economic development is not simply a metropolitan issue. The Portland metropolitan area's future development is strongly influenced by policies and programs of the state. The state plays an important role in critical economic development factors such as the availability of a skilled labor force, land use planning, higher education, taxation and promotion. In addition, the Portland metropolitan area's economy is highly dependent on major statewide industries. Therefore, we studied coordination at the state level as well as the Portland metropolitan area.

Although the activities of many state departments contribute to economic development, responsibility for coordination and promotion of economic development at the state level is with the Department of Economic Development and the Economic Development Commission. The governor appoints the seven-member advisory Commission which selects the Director of the Department. The 49-person staff carries out the functions of the Department through five divisions: business development, business information, tourism, international trade, and ports.

C. Methodology

We first reviewed the literature on economic development coordination in other parts of the United States. Successful models for economic development coordination were found in North Carolina, California, Minnesota, Michigan and Pennsylvania. (See Appendix A, Bibliography, for literature reviewed.)

We then interviewed representatives of organizations involved in economic development in the Portland metropolitan area and Oregon. (See Appendix B for a representative list.) Public sector participants included representatives of the State Department of Economic Development, the Governor's Economic Recovery Council, the Portland Development Commission, the Port of Portland, and city and county governments. Private sector participants included representatives of the Portland Chamber of Commerce, the Sunset Corridor Association, developers, industrial and real estate agents, organized labor, the major utilities, banks, and railroads. (See Appendix C for persons interviewed.)

We also reviewed written material supplied to us by witnesses or obtained by our own investigation.

D. What We Mean by Economic Development

Witnesses offered the following definitions of economic development:

- * increase in real per capita income;
- * improvement in the number, distribution and stability of jobs;

- * increase in the diversity of available jobs, amount of new capital investment, and number of new companies in the area;
- * improvement in the quality of life.

Reduced to a single goal, this committee defines economic development as a net increase in jobs compatible with the existing, or improved, quality of life. The increase in jobs is a measurable goal, and considerable effort has been made by the Environmental Protection Agency and others to develop quality of life indicators. Economic development activities, as discussed in this report, are those programs and policies which promote growth in employment in the local, regional, and state economies.

E. What We Mean by Coordination

Competition in the marketplace results in some duplication, omission, and conflict among private firms and among governments. This cannot be avoided, and we found no advocate for an economic system that eliminates competition. The committee had to judge the degree to which economic development was actually impeded by the lack of coordination within a competitive economic system.

Effective coordination occurs when the activities of those involved in economic development minimize duplication, omission, or conflict in the pursuit of the commonly-shared goal.

We infer from data received that coordination occurs at tactical, strategic, and goal-setting levels, the most important of which (in the present context) is the latter.

Goal-setting activity involves defining conscious, articulated long-term objectives. These goals are set not only by the various economic development agencies, special interest groups, local businesses, and government leaders but, importantly, by the general public as well. Establishment of and commitment to clear economic development goals, and building consensus and commitment to those goals are necessary for productive strategic and tactical activities. Clearly-defined goals which are widely shared lessen the need for formal coordination of those involved in economic development.

The objective of coordination in the goal-setting arena is to build a consensus among all those involved in economic development so that relatively autonomous institutions may apply their limited resources to achieve unified, desired results. In consensus building, leadership is critical to bring into focus state and regional objectives that may be widely shared but undefined. Without broadly embraced and accepted goals, strategies work to differing ends and tactical activities do not support the same long-range vision.

We will explain below that the lack of consensus is the chief obstacle to optimizing economic development both in the Portland area and statewide.

Strategic tasks are specific methods of achieving the articulated goals. Strategies establish the framework for tactical operations, and create the atmosphere in which tactical activities take place. Strategic activities in the public sector include tax policies, land use planning, and budgeting for infrastructure investments and post-secondary education. In the private sector, they are long-range investments in economic development, such as retooling, research and development, training the work force, and creating innovative opportunities for higher education, such as that offered by the Oregon Graduate Center.

Tactical activities, as used by the Committee, means the daily routine of implementing specific economic development projects. This includes: responding to requests of firms for information; showing industrial sites; making marketing calls; improving roads, sewers and utilities for industrial sites; retraining workers; and developing higher education curricula to meet the needs of the economy.

II. DISCUSSION

A. Goal-setting by Establishing Consensus

Some witnesses before the Committee favored development of heavy industry. Other research indicates that it is better to develop small businesses. Other issues on which opinions differ include:

- * a natural resources-based economy versus a high tech economy; and
- * emphasis on new industry versus expansion of what is already here.

There is also the continuing question of what amount of population growth Oregonians want for their state.

To achieve maximum economic coordination, these and other issues must be widely discussed and broadly-supported choices made. We believe that the following kind of data illustrates the issues to be decided:

- 1) Research in 1969-72 and 1974-76, by David L. Birch of the Massachusetts Institute of Technology, for example, concluded the following:

"Few firms migrate from one area to another to totally relocate their operations. Only 5.0 percent of the new jobs in any state or region over a three-year period were found to result from the interstate migration of firms."

"The majority of new jobs come from the birth and expansion of young, small and independent corporations, not from branch plants, headquarters or the relocation of multi-plant operations."

"Small firms are the country's biggest job generators. Two-thirds of all new jobs are in companies employing fewer than 20 people."

- 2) Further, there is a growing trend of large multinational firms to shift jobs to areas of lowest pay and unionization levels like Mexico, Taiwan, and South Korea.
- 3) It is also the case that the timber and lumber industry is changing very rapidly. Oregon's high unemployment rate during recessionary times is a result of our strong dependence on the forest products industry. It is no longer economically feasible for Oregon mills to sell dimension lumber into Eastern or even Midwestern U.S. markets because of Southern Pine and Canadian competition as well as high transportation costs. The national monetary policy of allowing free floating interest rates devastates housing starts and the wood products industry that depends on them. Oregon's forest products industry is looking more and more to the export of wood products into Asian markets.
- 4) Rodney Stubbs of Plantek pointed out to us that within the Willamette Valley, of the total manufacturing jobs (168,000), high technology represented 24.6%. The growth in high technology jobs as a percentage of all manufacturing jobs rose from 6% in 1960 to almost 25% in 1980.
- 5) Bob Baugh of the AFL-CIO and other witnesses pointed out the fact that because many high tech jobs are low paying, policies encouraging jobs must be careful not to diminish the overall economic well-being of the employed labor force.

This data implies choice, or compromise, on competing objectives, and many of the critical choices will vary from community to community. What is appropriate for Portland may not be for Estacada or Gresham. The future economy of Douglas County may require a continued emphasis on forest products and tourism. The Portland metropolitan area, however, cannot chose in isolation from the rest of the state. The economies are too integrated. And until there is an overall consensus throughout the state and within specific communities (which we did not find), there will be no sustained impetus for economic development. Without the consensus, coordination will remain at the tactical level and subject to disintegration and working at cross purposes because of the lack of agreed-upon objectives.

To repeat, for efforts in economic development to achieve maximum coordination (unified effort with lack of duplication), articulated choices must be made on these and other issues after extensive public discussion and with broad public support.

We offer the recent past in support of this thesis: During the late 1960s and early 1970s, national and state opinion about the quality of life led to a clear political consensus in Oregon to preserve and enhance the environment. This led to a landmark land use planning system, implementation of the Willamette River clean-up and Greenway, the Bottle Bill, and emer-

gence of a strong Department of Environmental Quality. These gains now are a part of the institutions of Oregon.

There is now considerable agreement among leaders of environmental groups, business, labor, and government that responsible economic development is needed in Oregon. The old debate between a clean environment and jobs was not an issue to our witnesses; they implied it is possible to have both, particularly since Oregon has strong institutional arrangements for environmental protection. And, because proper use of land has gone through long and rigorous review at legislative, administrative, and judicial levels, it seems fair to report that a similar protective institution has arisen to assure a balanced use of land. It is significant, we believe, that the 1,000 Friends of Oregon, the LCDC watchdog organization, actively supported 1983 amendments to the land use statutes designed to encourage economic development.

Thus, while there is agreement among the leaders we interviewed about the need for economic development, there is not yet evidence of widespread public support for economic development equal to that which resulted in the environmental consensus of the early 1970s.

We will conclude below that the lack of a new public consensus for economic development to replace the environmental consensus is the single most important deterrent to coordinated action in economic development. That, however, is not precisely the way we heard it expressed by witnesses. Instead, they described the symptom:

Oregon continues to be perceived as not being open for business.

We are not here concerned with the truth of the perception, only that it prevails, and we report that it, unfortunately, prevails among resident Oregonians as well as out-of-state investors.

As a cure, witnesses urged the replication in Oregon, of the process used in other states, where the governor assumes a highly visible role, using the power of office as well as personal presence to make it clear that economic development is the state's highest priority:

* The Governor, as chief executive, should be more visibly involved in directing, guiding, and encouraging economic development efforts. Coordination and guidance of economic development, particularly in setting goals, requires the Governor's personal interest and commitment.

* Because of the authority of office, the chief executive is in the best position to identify and articulate state policy and to oblige individual administrators and departments to support that effort.

To that testimony we would add our personal knowledge of the power of dramatic symbolic gestures to adjust perceptions.

We have a central policy making body, the Economic Development Commission, funded and instructed to encourage economic development. For the Governor to assume its chair would focus public attention (in-state and out) on the Commission's mission and may result in coalescing public opinion in support of the new consensus.

B. Strategies

1. Lack of Strategies. The Committee was not able to identify any cohesive, effective strategy for economic development which unites public and private efforts either at the state or metropolitan level.

Until a public consensus is developed (choices made, goals set), it is difficult, if not impossible, to coordinate strategic actions.

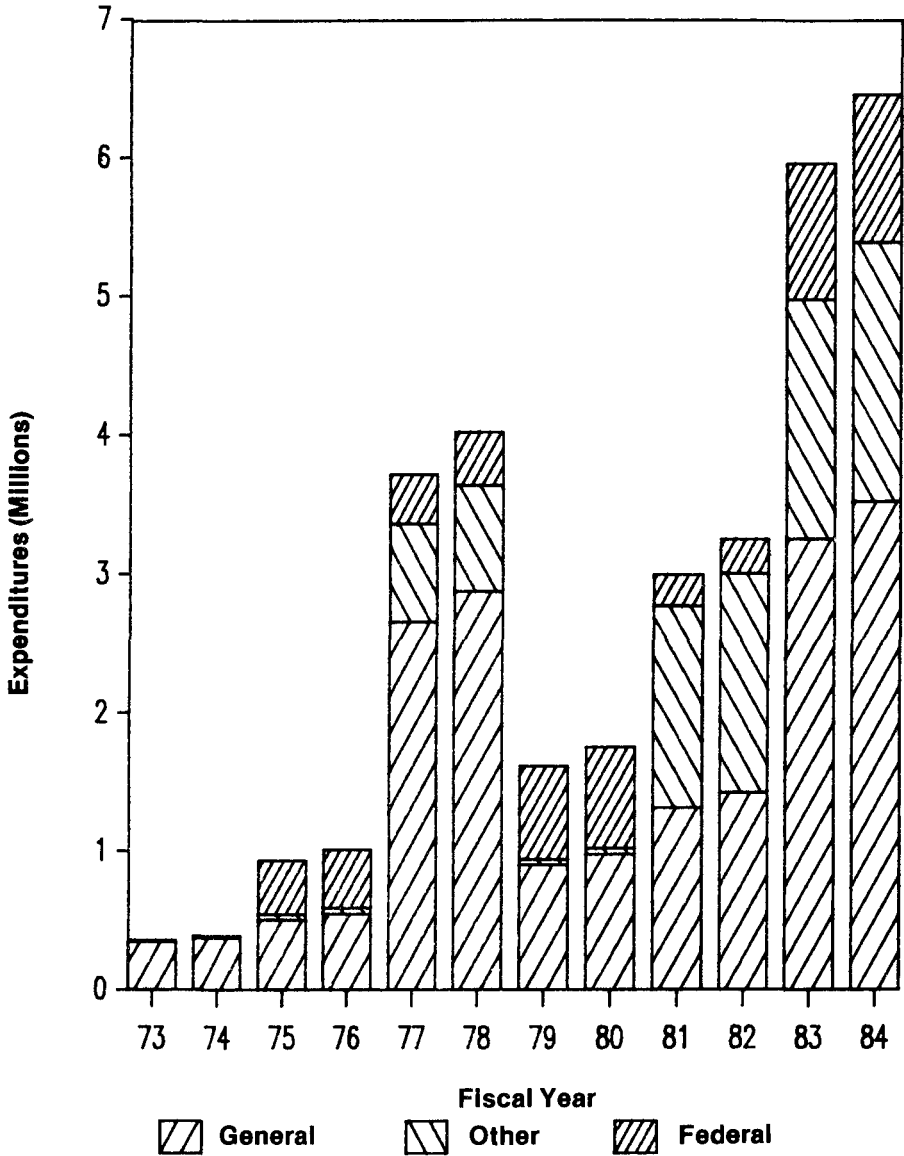
For example, to what extent should public subsidies and private efforts be used to retain and develop existing businesses or attract new businesses?(3) Similarly, should agents of development budget their energies and monies on small businesses or large businesses, natural resources or high tech, domestic expansion or immigration of foreign business? These decisions are currently made on an ad hoc basis as a particular situation arises.

Because Oregon has not had a sustained commitment to an economic development strategy, funding for economic development has fluctuated with the economic cycles. When the economy is down, financing tends to increase, but there is no assurance that it will continue once the economy improves. Funding for the Oregon Department of Economic Development in fiscal year 1983-1984 is \$6 million. However, only three years ago it was \$1.8 million (Figure 1). Except for Portland, most local governments in the Portland metropolitan area have given minimal attention to economic development in the past and are inexperienced in how to proceed.

The state has not been idle in promoting economic development. Not only have state expenditures for economic development tripled in the last three years, specific programs for marketing, technical assistance, and reducing institutional barriers have been undertaken. In August, 1983, the Governor released a list of 45 activities (Appendix E) the state has undertaken to promote economic development. As a result of the present recession, economic development has clearly assumed central importance as a state issue.

2. Models of Economic Development Coordination. Every city, county and state in the country seems to be organizing an economic development effort. We searched the literature for efforts considered successful by experts in the field of economic development and identified nine of particular interest (4 municipal efforts, 4 regional, 1 multi-state). The four municipal models were the Philadelphia

FIGURE 1
DEPARTMENT OF ECONOMIC DEVELOPMENT EXPENDITURES



Source: Oregon Executive Department, Budget and Management Division.
The numerical data supporting this figure is attached as Appendix D.

Industrial Development Corporation, the Economic Development Corporation of San Diego County, the Economic Development Council of Greater Baltimore, and the Detroit Economic Growth Corporation. The four regional models were: Minnesota's Business Partnership; North Carolina's Research Triangle Park; Silicon Valley, California; and Route 128, Massachusetts. The multi-state model, City Venture Corporation, represents that category of business whose business it is to make new businesses. CVC is the nation's largest. (See Appendix F for descriptions.) Some of these development efforts began at least 30 years ago.

Most of the efforts have a common feature - public and private sector cooperation and coordination. However, two of the examples -- Silicon Valley and Route 128 -- are success stories without formal coordination efforts. Coordination may be helpful to economic development but it is not a guarantee of economic growth. Furthermore, economic development in high technology requires some basic ingredients: extensive investment in research and development, and universities highly competent in the basic and applied sciences.

Actors in the field, and commentators, agree that the basic strengths of the coordination models are:

1. Partnership between the public and private sectors (but see the CVC experience in Appendix F for a warning).
2. Long-term strategies which provide sustained programs of investment, marketing and adequate support levels for economic development, such as strong higher education and a favorable business climate (e.g. favorable state and municipal taxes, assistance programs for new industries, available labor at rates competitive in the industry and positive labor-management relations, land use and building code systems that both protect a firm's investment and allow development).

Witnesses to the Committee affirm that Oregon is strong in the first factor, public/private partnership; Oregon does not yet have a clear policy on the latter, long-term strategies.

We have refrained from suggesting a model by which the Portland metropolitan area should proceed to develop coordinated strategies because of our conclusion that public consensus for economic development must precede strategies. Further, as we have noted, the public consensus must be statewide to optimize coordinated activities in any one sector. So far as the Portland metro area is concerned, this means only that its citizens should join in the statewide discussions and give such input as will define its community - specific needs and desires within the state context. Once ultimate goals are articulated, we believe

that public and private agents of economic development will have clear guidance to devise strategic plans.

C. Tactical Coordination

1. Working Network. The Committee found that there is an informal network of professionals in government and industry who work well on a daily basis in responding to industries interested in locating or expanding in the Portland area. These professionals identify prospects, analyze their specific needs, marry the needs to specific sites, assemble information, and assist prospects in jumping financial, political and administrative hurdles. The network includes professionals of the Oregon Department of Economic Development, the Portland Development Commission, local governments, the Port of Portland, major commercial and industrial real estate brokerages, the utilities (Pacific Northwest Bell, Portland General Electric, Pacific Power & Light, Northwest Natural Gas), the area's three major railroads, local financial institutions, and the Portland Chamber of Commerce. Representatives of many of these organizations sit on the Oregon Industrial Development Committee. This committee, appointed by the Oregon Economic Development Commission, meets frequently to exchange information and work out methods to coordinate site visits.

The Council on Economic Development in Oregon (CEDO) is a new organization which assists economic development professionals in networking. CEDO is a private, non-profit group formed in 1983 by economic development professionals in government and industry to exchange information, provide training, and present a unified voice in economic development legislation in Salem. It is a clearinghouse for information. However, it is not an implementing agency and its coordination role is limited to information exchange and limited lobbying.

Tactically, coordination within this informal network is effective in responding to needs for information, coordinating site visits, and securing access to the Governor and chief executives of cities and local firms. Network members are able to exchange information, respond to requests from industries, and work in an effective, cooperative fashion.

Witnesses to the Committee were in unanimous agreement that no new, formal coordinating mechanism is needed for economic development. Any additional organization layer would impede rather than facilitate desired results.

2. Information for siting. In evaluating industrial locations, firms require information about local conditions, wage rates, costs of utilities, and the like. One of the benefits of a coordinated approach to economic development is that such information can be readily assembled and disseminated. Witnesses confirm that such information is available and accessible in the Portland area. At the

state level, the Department of Economic Development provides statistical and other information for businesses interested in Oregon.

3. One serious flaw. Although elected officials are reported to be eager to promote and publicize economic development, there is a countervailing pressure which requires restraint in specific instances: premature disclosure of specific development plans could affect stock prices, land costs, employee morale, investor decisions, or competitor's plans. For this reason, businesses often choose to deal with local governments through an agent, on an undisclosed principal basis. But this is not a solution that works universally well.

Several representatives of private businesses indicated a reluctance to identify clients to local public officials because they feared premature disclosure adverse to their client's interests. Such a conflict can create a disastrous impasse. A prominent example arose in Salem where sewer and access concessions were not granted because the private broker could not disclose his clients to local officials. The client - Mitsubishi - eventually chose North Carolina over Oregon as the site for a new plant, but the reason has never been disclosed.

III. CONCLUSIONS

1. Reduced to a single goal, we conclude that responsible economic development is a net increase in jobs compatible with the existing, or improved, quality of life.
2. Economic development in Portland is more than a Portland metropolitan issue. It involves policies and actions at the state level also. (Therefore, this study analyzes economic development coordination at the state as well as the metropolitan level.)
3. Effective coordination occurs when the activities of those involved in economic development minimize duplication, omission, or conflict in the pursuit of a commonly-shared goal.
4. The need for coordinated economic development arises at three levels: (1) in day-to-day site processing (tactical activities), (2) in long-range public and private budgeting to encourage economic development (strategic activities), and (3) in setting ultimate goals by which strategies may be planned and tactics implemented. Notwithstanding adequate coordination at one level, optimum coordination requires that all levels proceed in harmony.
5. Tactical coordination among public and private economic development specialists works well. Information for economic development planning is available and adequate. There is, however, a critical need for local governmental officials to perfect a process for respecting confidential business information.

6. There is a lack of unified strategy for economic development which impedes optimal coordination. A means of achieving better coordination is by developing an agreed upon approach to economic development.
7. A new statewide public consensus for economic development is necessary to dispel the notion that Oregon is closed for business, Oregon's most critical need. Neither public (the legislature included) nor private decision makers can be expected to overcome existing inertia without public support. Critical choices (or compromises) remain to be made between the encouragement of traditional (lumber, agriculture, tourism) versus new industry (high tech); between large and small business; and between indigenous and foreign business. When statewide consensus for economic development is achieved, public leadership will be in a better position to take bolder steps. In turn, bolder public steps will strengthen the consensus and create the positive business climate necessary to encourage private forces to invest in Oregon.
8. As other states have found, there is no substitute for the continuous, visible, and deepening involvement of the state's chief executive in promoting economic development. Of all the forces involved in change, it is the Governor who, due to his potential for high visibility, can best encourage and articulate consensus, and synthesize it into consistent coordinated state policies and goals. It would be premature for public executives in the Portland metropolitan area to launch these activities independently of the Governor, although each must assist in coordinating the discussion as community-specific needs and desires are integrated into the statewide objective.
9. There is no specific structural role model necessarily applicable to successful coordination of economic development in Portland because structure is not the problem. Rather, we conclude that success lies in developing a broad, articulated public consensus for economic development and goals. From that consensus, we expect public agencies and market forces to respond with bolder, more unified programs.

IV. RECOMMENDATIONS

1. The temptation to create a formal coordinating entity with plenary powers over economic development should be avoided. It is not needed.
2. The Governor should initiate and lead a statewide public discussion on economic development in order to develop a broadly-supported public consensus on development goals. The public discussion should address at least the following issues:
 - a) The public's willingness to commit to sustained economic growth;
 - b) The relative emphasis to be placed upon the encouragement of traditional (e.g. forestry, agriculture, tourism) versus new industry (e.g. high tech, genetic engineering);
 - c) The relative emphasis to be placed upon the encouragement of small versus large business;
 - d) The relative emphasis to be placed upon the creation and expansion of in-state industries versus attracting industries from out-of-state.
 - e) The reallocation of public funds to implement an economic development strategy reflecting the agreed emphases.
3. The Governor should maximize efforts to use the power and influence of office to dispel the notion that Oregon is not open for business. The Governor should convert the new consensus into articulated state policies, which in turn, will support specific development strategies. A desirable first symbolic step, for example, would be to assume chairmanship of the Economic Development Commission.
4. Each governmental entity involved in economic development should develop an operating procedure to maintain business confidentiality while responding to project inquiries and should coordinate public notices with the company involved.

Respectfully submitted,

Craig Bachman
Leonard Girard
Greg Hutchins
Jay Jacobsmuhlen
M. Gens Jenkinson
Burke Raymond
Steven Schell
Kurt Wehbring
Helen Youngelson
John Wiley Gould, Chairman

Approved by the Research Board on December 7, 1983 for transmittal to the Board of Governors. Received by the Board of Governors on December 12, 1983 and ordered published and distributed to the membership for consideration and action on January 6, 1984.

APPENDIX A
REFERENCES

1. Oregon Department of Employment
2. Center for Population Research and the Census, Portland State University
3. Interestingly, no witness thought that the list of inducements offered by competing states significantly hampered Oregon's ability to compete for new businesses.

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APPENDIX B
REPRESENTATIVE ENTITIES ACTIVE IN ECONOMIC DEVELOPMENT
IN THE PORTLAND METROPOLITAN AREA

<u>Organization</u>	<u>Mailing Address</u>	<u>Contact</u>
Association for Portland Progress	520 SW 6th Portland 97204	224-8684 Bill Wyatt
Central Eastside Industrial Council	P.O. Box 14251 Portland 97214	233-5381 Peter Fry
Clackamas County Economic Development Commission	902 Abernethy Rd. Oregon City 97045	655-8521 Norm Scott
Council for Economic Development in Oregon	1840 W. Nob Hill SE Salem 97302	370-9370 James Burke
East Multnomah County Economic Advisory Commission	2115 SE Morrison Portland 97214	226-5694 David Fredrikson
Eastside Business Alliance	4505 NE 24th Portland 97211	281-8245 Spencer Vail 666-5571 Sharon Kelly
Metro Private Industry Council	921 SW Washington Portland 97205	228-3165
Metropolitan Service District-Development Services Dept.	527 SW Hall Portland 97201	221-1646 Steve Siegel
Multnomah County	2115 SE Morrison Portland 97214	248-5263 Colleen Greer Acres
Multnomah County Economic Development Advisory Commission	2115 SE Morrison Portland 97214	226-5694 David Fredrikson
Oregon Graduate Center	19600 NW Walker Ave. Beaverton 97006	645-1121 Dr. Paul Carlson
Port of Portland-Economic Services	P.O. Box 3529 Portland 97208	231-5000 Cliff Hudsick
Portland Development Commission	1120 SW 5th Portland 97204	796-5300 Steve Peterson
State Dept. of Economic Development-Portland Metropolitan Region	921 SW Washington, Room 4 Portland 97205	229-5625 Allan Mann

Sunset Corridor Association	528 NE Elam Parkway Suite A 900 Hillsboro 97123	640-8841 John Rees
Washington County Planning Dept.	150 N. First Hillsboro 97123	648-8761 Mary Hopkins
Washington County Task Force on Economic Development	4950 SW Hall Blvd. Beaverton	644-2191 Jack Nelson
<u>Chamber of Commerce</u> Beaverton	12055 SW First Street Beaverton 97005	644-0123 Pam Ragsdale
Greater Gresham	P.O. Box 696 Gresham 97030	665-1131 Frits van Gent
Hillsboro	P.O. Box 400 Hillsboro 97123	648-1102 Bob Herb
Lake Oswego	P.O. Box 368 Lake Oswego 97034	636-3634 Dee Denton
North Clackamas County	15010 SE McLoughlin Blvd. Milwaukie 97222	654-7777 Mark McCollum
Oregon Tri-City	719 Center Street Oregon City 97045	656-1619 Patrick Blue
Portland-Metro Chamber Economic Council	824 SE 5th Portland 97204	228-9411 Sharon Kafoury
Tigard	12995 SW Pacific Hwy. Tigard 97223	639-1656 Cheryl Kuhn
Tualatin	8275 SW Nyberg Road Tualatin 97062	692-0780 Melanie Woodward
Wilsonville	P.O. Box 111 Wilsonville 97070	682-0411 Audrey Currie
<u>Cities</u> Beaverton-Business Assistance Team	4950 SW Hall Bldg. Beaverton 97005	644-2191 Carol Swope
Beaverton-Planning	4950 SW Hall Blvd. Beaverton 97005	644-2191 X 234 John Osterberg
Gresham	1333 NW Eastman Ave. Gresham 97030	661-3000 Jim Keller

Hillsboro	205 SE 2nd Hillsboro 97123	648-0821 Eldon Mills
Lake Oswego Planning	348 N. State St. Lake Oswego 97034	636-3601 Sandi Young
Milwaukie-Community Development	10722 SE Main Milwaukie 97222	659-5171 Topaz Faulkner
Oregon City	1214 Washington St. Oregon City 97045	665-8481 Joan Cartales
Portland-Economic Development Advisory Committee	1120 SW 5th Portland 97204	796-5300 Steve Peterson
Sandy	P.O. Box 116 Sandy 97055	668-5533 Tom Reber
Tualatin	P.O. Box 369 Tualatin 97062	692-2000 Dave Bantz
Wilsonville	30470 SW Parkway Wilsonville	682-1011 Dan Potter
<u>Private Industry Councils (PIC)</u>		
Clackamas County	ETBS P.O. Box 215 Marylhurst 97036	635-4591 Deli Smith
Multnomah-Washington County	P.O. Box 69039 Portland 97201	223-7484 Arelia Kolby
Portland	1120 SW 5th, Room 400 Portland 97204	796-6600 Mary Nolan
<u>SBA Linked Development Agencies</u>		
Clackamas Business Promotions Co.	7919 Center Oregon City 97045	657-8069 Norman Boice
Rivereast Progress, Inc.	4008 NE Union Ave. Portland 97212	284-7440 Martin Loring
ROLO, Inc. (Redevelopment of Lake Oswego)	P.O. Box 473 Lake Oswego 97034	636-4554

APPENDIX C
PERSONS INTERVIEWED

Bob Baugh, Secretary-Treasurer, Oregon AFL-CIO
Floyd Bennett, Vice President, Corporate Affairs and Economic Development, First Interstate Bank of Oregon
James Burke, Executive Director, Council for Economic Development in Oregon
Larry D. Campbell, Vice President, PlanTek
Robert H. Domries, Industrial Development Representative, Burlington Northern Railway
Jacob Fried, Professor of Anthropology, Portland State University
Jim Gardner, Member, Oregon State Senate; Co-Chairman, Joint Legislative Committee on Trade and Economic Development
Louis P. Growney, Director, Industrial Development Dept., Pacific Power and Light Co.
Clifford Hudsick, Director of Economic Services, Port of Portland
Sharon Kafoury, Economic Development Manager, Portland Chamber of Commerce
Allan R. Mann, Metropolitan Regional Manager, Oregon Department of Economic Development
Jack McConnell, Industrial Real Estate Broker, Norris, Beggs, & Simpson
Alan Mellis, Director of Economic Development, Portland General Electric Co.
Duane Moore, Regional Manager, Southern Pacific Industrial Development Co.
Jack Nelson, Mayor, City of Beaverton
Steve Peterson, Director of Economic Development, Portland Development Commission
John Rees, Vice President, Quadrant Corporation; President, Sunset Corridor Association
Richard P. Smith, Manager of New Ventures, Tektronix, Inc.
Rodney R. Stubbs, President, PlanTek

APPENDIX D

ECONOMIC DEVELOPMENT DEPARTMENT EXPENDITURES 1973-74 - 1984-85
(thousands of dollars)Sources of Funds

<u>Year</u>	<u>General</u>	<u>Other</u>	<u>Federal</u>	<u>Total</u>
1973-74	\$ 345	\$ 6	\$ 4	\$ 355
1974-75	374	7	4	385
1975-76	503	41	389	933
1976-77	545	44	422	1,011
1977-78	2,653	708	357	3,718
1978-79	2,874 (1)	767	387	4,028
1979-80	902	41	678	1,621
1980-81	977	44	735	1,756
1981-82 (2)	1,315	1,457	227	3,000
1982-83 (2)	1,425	1,579	246	3,249
1983-84 (3)	3,255	1,725	985	5,963
1984-85 (3)	3,526	1,868	1,066	6,460

- (1) Excludes \$4 million appropriation to establish Ports
Revolving Fund.
(2) Estimated.
(3) Budgeted.

Source: State of Oregon, Executive Department Budget and Management Division.

APPENDIX E

GOVERNOR ATIYEH'S PROGRAMS FOR BUSINESSBusiness Development

- Transferred the One-stop Permit Information Center to the Economic Development Department. This move has sent a signal that economic criteria must be considered in permit and regulatory issues.
- Established an effective Motion Picture Services program to contact and provide information to this industry that promises a substantial economic impact throughout all of Oregon assisted in formation of Oregon Media Producers Association.
- Provided funding to communities experiencing economic emergencies to assist them in financing projects for economic recovery.
- Provided increased data and information to assist business in making investment decisions in Oregon.
- Authorized the State Forester to modify timber sales contracts for state-owned timber to provide relief to this depressed industry, following recommendations of the Governor's Timber Strategy Panel.
- Established a computerized industrial land inventory system, currently listing 1,096 sites representing 56,000 acres. So far, the system processed 54 requests from private sector firms. Recently, the system placed first in a nationwide competition and will be receiving an award to publicize its success. The system will also be expanded to include a building inventory.
- Increased visibility of state through establishing a state marketing program and increased participation in trade shows and membership in organizations such as the Industrial Development Research Council, National Association of Corporate Real Estate Executives and National Association of State Development Agencies.
- Increased communications within Oregon through establishment of the "Oregon Partnership."
- Established the Governors Economic Action Council to speed developments through state government.

Education

- Established through the Educational Coordinating Commission a joint public-private program to enhance high technology education and skill development.
- Established an expanded comprehensive engineering, high technology education program in the Department of Higher

Education as a joint public-private effort.

- Established a closer liaison between the Economic Development Department, the Department of Higher Education, and the private sector. The Joint Marketing and High Technology Manpower Development Conference (May 9-10), is one example of this cooperation.
- Initiated through the Department of General Services, an analysis of state-owned lands to determine which, if any, may be needed to accommodate industrial needs for location or expansion.

Tourism

- Established a more aggressive tourism promotion program. This enhancement of tourism recognizes the important contribution this component of Oregon's economy exercises, particularly in many rural areas.
- Elevated the tourism program to division status by creation of the Tourism Division in the Economic Development Department in 1983 (House Bill 2284).
- Same bill created nine-member Oregon Tourism Council, with at least six members actively involved in tourism businesses, to recommend policy for tourism programs.
- Secured emergency funding from the Federal Government for three-state tourism promotion campaign in the aftermath of Mount St. Helens eruption.
- Led three-state trade mission to California (fall, 1980) to publicize the Pacific Northwest vacation offerings to key travel agents.
- Requested (and received) \$329,463 in emergency funding for tourism promotion as part of his economic recovery program in 1982.
- Appointed a task force of private business people to help design program. Emergency campaign resulted in 110,000 additional requests for tourism information in summer of 1982.
- Led trade mission to Tokyo, Japan, to increase awareness of Oregon as a location for business investment and tourism.

Ports and Maritime

- Proceeded with the acquisition and development of Tongue Point on the Columbia River. This facility will become an increasingly important asset for the development of Oregon's port and export opportunities.
- Directed state agencies to work in direct concert with our congressional delegation to ensure the deepening of the mouth of the Columbia River and the construction of the new

Bonneville Locks.

- Commissioned Oregon's participation in the Columbia-Snake River study that is now examining the future importance of inland waterway transportation to the entire Pacific Northwest.

Financing

- Provided \$667,000 for the Oregon Business Development Fund, recently signed into law as Senate Bill 220. Obtained \$2 million Federal Funds to add to this fund to enable loans to be made, in cooperation with the private banking community, for small business expansion.
- Established, through the Economic Development Commission, a Finance Committee of private banking and business professionals to advise the Commission and the Department in financial programs and specific financial requests.
- Industrial Development Revenue Bonds -- 60 issues; \$173.52 million; 3,355 jobs created; 270 jobs saved.
- Economically Lagging Area Tax Credit Program -- 124 projects certified, \$249,425,000 in qualified investments -- 433 jobs created.
- Was the driving force behind creating the Oregon Economic Development Corporation, and the Statewide 503 Certified Development Company for small business financing in cooperation with the banking industry.
- Signed into law chapter 459, Oregon Laws 1983, establishing the Umbrella Revenue Bond program for the financing of small business expansion.
- Entered into a contract with the National Development Council, that has led to State of the Art training for some 20 economic development professionals in Oregon and resulted in some 60 ongoing transactions (UDAG's, 503's, OBDF's) with Oregon businesses.

International Trade

- Individual assistance was expanded to existing Oregon companies interested in developing an export business. Included were personalized counseling sessions, and "Oregon Exporters' Handbook," which details the mechanics of exporting and servicing of numerous requests which businesses have on trade.
- A number of overseas promotions were held to promote Oregon agriculture and industry with the objective being the introduction of Oregon companies into exporting and the further development of international trade. As an example, during 1982, the Economic Development Department sponsored and organized four overseas promotions. A number of trade delegations to Oregon were invited and hosted by state of-

officials. Included is the Annual Procurement Mission from Taiwan. In 1982, this resulted in \$28 million of exports alone.

- Established the Oregon-Korea Economic Cooperation Committee designed to further develop commercial and economic ties between Oregon and Korea.
- In 1980, led a delegation to Japan, Taiwan and Korea, aimed at the development of trade.
- Personally assisted individual companies where such an effort is warranted. One such instance resulted in a major sale to southeast Asia which created employment for Oregon workers.
- The International Business Development Plan was compiled, laying the groundwork for a five-year strategy to develop international business in the state.
- A survey of Oregon manufacturers was conducted to identify the needs of Oregon companies in the international trade arena.
- Supported the long-term commitment by the state in the development of trade. This is evidenced by state funding for trade development and the opening of a trade development office in the Far East.
- Initiated the establishment of Sister State relationships with the Pacific Rim, aimed at the further development of cultural and business ties.
- As a member of the National Governor's Association Committee on International Trade, and the National Coalition for Employment Through Export, has been actively involved in the pursuance of U.S. policies aimed at assisting companies and their export efforts.

Legislation

- State level economic development program administration has been strengthened and streamlined through legislation transferring direct control of the Economic Development Department to the Governor (House Bill 2285); establishing a Tourism Division in the Economic Development Department (House Bill 2284); transferring the Permit Coordination and Regulatory Assistance program to the Economic Development Department (Senate Bill 275); and strengthening this program by establishing a procedure for preapplication conferences among a permit applicant and all relevant permit issuing agencies (Senate Bill 742).
- Financial assistance to businesses has been expanded by revision of the Small Scale Energy Project loan program to expand eligibility to more Oregon businesses and to include energy conservation projects in those eligible for funding.

- Funding was secured to establish a program of grants to community colleges to develop or expand a statewide network of Small Business Assistance Centers (House Bill 3002). Other initiatives to strengthen Oregon's educational system, expanding programs proposed to and approved by the 1982 Special Session, include within the Governor's budget more than \$6 million to enhance high technology programs in higher education, such as computer science and engineering training and cell biology research.

- Major legislative initiatives were taken to streamline the state's land use regulation program by speeding up the acknowledgement process (including appeals) and expanding technical assistance to local jurisdictions (House Bill 2295), and to allow some flexibility in the development of lands of "marginal" use for agricultural purposes (Senate Bill 237).

Source: Governor's Office, State of Oregon. August 29, 1983.

APPENDIX F
ECONOMIC DEVELOPMENT COORDINATION MODELS

A. MUNICIPAL MODELS.

1. The Philadelphia Industrial Development Corporation (PIDC) is a quasi-public, non-profit development corporation started in 1958 to stimulate industrial development and retain jobs and tax base in the city.

Its distinguishing features include:

- (a) a bank of city-owned land to provide a broad selection of sites ready for industrial use;
- (b) a revolving fund used to acquire and improve city land for industrial and commercial purposes;
- (c) two state financing programs which provide 100 percent financing for acquisition of land, buildings, and equipment.

PIDC has proved flexible to changing needs by developing additional programs to assist commercial development and marketing, to promote Philadelphia nationally and to create new financing tools. The chairman of PIDC feels that it serves as a "nerve center" between the public and private sectors, coalescing their mutual interests in retaining and expanding local industrial-commercial facilities and attracting new firms to the city.

The structure of PIDC includes a 30-member Board of Directors representing the city's highest ranking elected and appointed officials, and leading investors, industrialists, and union leaders, and a professional staff of 16. Administrative expenses, originally paid by grants, are now financed by income from development programs it operates. It supports a network of public, private and quasi-public agencies and corporations, all of which are performing economic development functions.

PIDC has been used as a model for urban industrial development corporations throughout the country, probably because both private and public sector participants seem to win. The private sector gains access to political and bureaucratic power of the City and the flexible use of city resources, particularly land. In turn, the public sector gains access to expert financial and management advice.

2. The Economic Development Corporation of San Diego County (EDC) is a non-profit corporation formed in 1964 to create jobs for city and county residents, and to diversify the region's economic base in order to counteract dependence on a few major defense industries supported primarily by government contracts.

EDC is empowered to acquire and dispose of real property holdings, to contract debt; and to enter into joint ventures.

Eligible members of the EDC are business corporations, financial institutions, and government jurisdictions interested in supporting industrial development in San Diego County. Dues are set at \$1,000 annually. Current membership is about 70, including several other cities besides San Diego. The Board of Directors elected directly by the members serves a three-year term. The original 25-member board was reduced to 9 members in 1974. Staff members are experienced industrial developers with experience in both public and private development sectors.

The EDC's administrative expenses are paid from membership dues and contracts with the city to perform specific activities to both promote new industries and retain existing ones.

From the city's perspective, the EDC performs its industrial development program more effectively than previous forms of industrial development commissions because of its ability to allow for private negotiations with prospective buyers, and its staff of industrial development experts. It is a clearing house for matters relating to industrial development. It also serves as a channel of communication between the city and private industry.

A limitation of EDC is its institutional design which makes it unable to meet the changing concerns of both public and private sectors. EDC is structured as a private membership organization that elects its own board, and thus the city cannot expect the EDC to operate development programs which achieve the city's objectives unless the board wants to carry them out.

3. The Economic Development Council of Greater Baltimore is a private nonprofit organization funded by corporate membership dues. As a private entity, the EDC contracts individually with local economic development agencies in the Baltimore metropolitan area. Under the contracts, EDC performs specific economic development tasks such as prospect referral, industrial recruitment and business education. EDC also coordinates programs which cannot be done effectively or economically by any one agency, such as promotion, and it serves as a central clearing house for legislation and institutional interaction.

4. The Detroit Economic Growth Corporation is an organization formed in 1976 as a private/public partnership in economic development. DEGC started as a private, nonprofit corporation responsible for assisting firms wishing to locate in Detroit and helping existing firms expand. With a staff of 30 and a budget of \$1.7 million, the organization is responsible for marketing and assisting business prospects within the city limits. The balance of the metropolitan area is covered by the Chamber of Commerce.

The sources of funds for DEGC are listed below:

<u>Sources of Funds</u>	<u>Percent of Total</u>
State of Michigan	15%
City of Detroit	29
Business and Labor Contributions	17
Downtown Development Authority	15
Economic Development Corporation	12
Other	12
Total	100%

B. REGIONAL MODELS

1. The Minnesota Business Partnership is an effort which brought the leaders of Minnesota's largest private companies together with the leaders of state government. The purposes of the effort are: a) to identify and analyze Minnesota's longer range economic issues and to set priorities and plans for action; b) to participate in creating a political consensus among business, government, and other groups to address economic issues.

The Minnesota Business Partnership pursued four goals for action: 1) legislation to expand employment in targeted areas by providing tax credits for investment in, and loans to, small companies; 2) legislation to direct state funding of higher education into academic areas with high potential for new jobs; 3) creation of a program to provide advisory services to small businesses; and 4) creation of a program by which each member assumed a specific burden to assist a new business.

2. North Carolina's Research Triangle Park succeeded in making up for the loss of more than 40,000 tobacco related jobs in the state due to plant closures during the 1970's. This was done by the state's business recruiters cooperating with private industry to entice high technology industry to the state through aggressive marketing. While public-private coordination was the keynote to the economic development effort, additional factors contributed to the success. These were low level of union organization, low taxes, available industrial land, a strong higher educational system, and a favorable business image.

3. Silicon Valley in northern California is the pre-eminent example of economic development. Silicon Valley's growth was due more to a series of investments and accumulation of favorable factors than to any formal public-private coordination. Stanford University and University of California-Berkeley provided a local, sophisticated educational base. The federal government during World War II spent \$35 billion to develop the aviation industry in California and invested heavily in basic research facilities such as the Lawrence Livermore Laboratories and the Stanford Linear Accelerator. A synergistic cooperation evolved

out of the money, universities, and industries which led to the emergence of the San Jose area as "Silicon Valley." The same rapport exists today.

4. Route 128 in Massachusetts is another example of the existence of excellent universities and the attraction of defense spending during World War II to develop industries. The last decade has seen more diversified growth in consumer and industrial goods. This was not the result of any overall planning effort. Rather, the growth along Route 128 was caused by the entrepreneurial efforts of individuals to start companies, coupled with speculative efforts of Boston banks to develop suburban land into industrial parks. However, the pre-conditions for Route 128 included a highly skilled work force, a high level of graduate education in the sciences, and the emergence of technically-oriented entrepreneurs with access to capital. Informal coordination rather than formal coordinating mechanisms led to the successful developments along Route 128.

C. MULTI-STATE PRIVATE VENTURE

City Venture Corporation. CVC, the largest enterprise of its kind in the country, was formed in 1978 as a for-profit corporation by 13 companies in Minnesota. It was spearheaded by William Norris of Control Data Corporation. In the last five years, CVC has undertaken 21 projects and proposals. In a typical project, 2,000 jobs are targeted from the start-up and growth of new and small businesses. The project tends to be clustered, for economy of scale and ease of cooperation.

The five basic elements of CVC projects have been identified as: (1) A Business and Technology Center (BTC) providing shared office space and shared services; (2) pre-employment training to make individuals job-ready; (3) business counseling; (4) a Seed Capital Fund providing start-up capital in exchange for equity positions; and (5) establishment of a production plant, typically a plant controlled by Control Data Corporation.

Where CVC projects succeeded: (1) participants held commonly accepted goals and implementing programs; (2) all community, government and private section actors cooperated in a manner consistent with their images and roles; (3) there were no delays in obtaining sites and subsidies; (4) the primary sources of job creation were either new production plants siting (i.e., traditional smokestacks) or industrial (as opposed to high tech) incubation centers. Where CVC failed: (1) public planning processes had been allowed to be coopted by the private venture; (2) CVC assumed too many roles, thereby relegating community residents to the status of clients rather than partners; (3) CVC failed to create an environment for merging the self-interest of the various public and private participants with the common interest; and (4) the process designed by CVC and the community lacked a clear reporting mechanism, by which to measure success. (See Bibliography, Bradford)

NOTES