

UNIVERSITY OF MANITOBA

THE OFFICE INDUSTRY AS AN INSTRUMENT OF
URBAN ECONOMIC DEVELOPMENT : ADVANTAGES,
DISADVANTAGES AND POLICY IMPLICATIONS OF
WINNIPEG'S INFRASTRUCTURE.

by

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A thesis submitted to the Faculty of Graduate Studies of
the University of Manitoba in partial fulfillment of the requirements
of the degree of

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PREFACE

Winnipeg's economy at present is in a period of slow growth. Development policies currently are directed at assisting and encouraging the growth of manufacturing industries. Energies however, should be divided, and the office sector too should be utilized as a growth instrument owing to the fact that Winnipeg is a metropolitan centre with a multitude of diverse office functions serving public, tertiary as well as a variety of secondary industrial demands. Winnipeg is however, but one city in the midst of many of equivalent, or greater stature. Is it possible then to create an attractive location for office activities despite heavy competition for business from such established Eastern centres as Montreal and Toronto on the one hand and from such flourishing economic atmospheres created by the oil industry in the Western cities of Edmonton and Calgary?

Presently, Winnipeg's location between Alberta's and Ontario's cities, has put the city in a state of limbo. This however was not always the case, for Winnipeg once enjoyed the identity and economic benefits befitting a gateway city. As a gateway city, Winnipeg was essentially in "command of the connections between the tributary area and the outside world."¹ To elaborate, Winnipeg controlled goods arriving from the east, destined to western settlements.

Winnipeg at one time was "virtually the Canadian archetype of a gateway city,"² growing rapidly in its young years, and commanding a large work force supply, the majority of which was employed in the transport industries, finance companies, wholesale trade and hotel and restaurant businesses. In summation, Winnipeg in its early years, was the service centre for the Canadian portion of the Great Plains. During "the great land rush of the first decade and a half of this century," which "swept across the Prairies, Winnipeg rose from insignificance to third ranked among all Canadian cities; its population increased 350 per cent between 1901 and 1911."³ Active real estate sales and construction were accompanied by the aquisition of the principal rail and stock yards, and a subsequent dominating role in the grain trade. Winnipeg clearly controlled the Prairie economy. The city at this time, was deemed to be destined to become a great distribution and wholesale centre. An illustration of the growth which occurred at this time can be gauged from the inception of the businesses which now partially constitute the office fabric of the city. Of the 67 firms surveyed in this work, fifteen per cent of them located in Winnipeg between 1890 and 1911. This is a substantial percentage considering the small population of that time.⁴ Of these firms, there were four insurance companies, one stock broker, one real estate company, two banks, one construction company and one miscellaneous firm.⁵ Again, it is evident that early growth in Winnipeg was, in a large way, due to its role

as a financial centre to support the distribution and wholesale functions.

Winnipeg's dominance over the Prairies however declined with the development of other Western cities. "By the mid 1920's a major portion of Winnipeg's huge wholesale district was tenantless, as firm after firm was forced out of business."⁶ Winnipeg was no longer a gateway city, but a central place.⁷ Owing to further urban development in the west, Winnipeg now serves a greater hinterland to the east, where no major centres have developed in close proximity. Winnipeg also is no longer a boom town, but a "mature, sophisticated, cultured, even staid city. It is associated more with the arts than with speculators."⁸ It has maintained its position as a financial and trade centre and has a strong office orientation. The city must utilize this existing infrastructure to both attract and create additional office oriented businesses to complement its manufacturing sector. New business would breathe new life into our city and revive its failing economy and social structure.⁹

FOOTNOTES : PREFACE

- 1 A.F. Burghardt, "A Hypothesis About Gateway Cities," (Annal of the Association of American Geographers, 61 (2) 1971) p. 267.
- 2 Ibid., p. 270.
- 3 Ibid., p. 274.
- 4 Supra, Chapter One, p. 5-7.
- 5 In many cases, a firm is unique in the City of Winnipeg and in order to protect the identity of the respondent, these firms are referred to as 'miscellaneous'.
- 6 A.F. Burghardt, 1971, p. 275.
- 7 A central place is one whose prime function is the provision of a wide range of goods and services to a dispersed population around it. (Peter E. Lloyd and Peter Dicken, Location in Space, Harper & Row, New York, 1972, p. 11.)
- 8 A.F. Burghardt, 1971, p. 275.
- 9 To illustrate Winnipeg's sluggish growth, Statistics Canada reported that population growth from 1965 to 1975 was only twelve per cent. Housing activity peaked in 1973 but has been dropping off since then. For ie. in 1966, there were 1,435 single detached housing starts, in 1973, 3,061 were recorded, and in 1975 it had dropped to 2,381. (Source : Central Mortgage and Housing Corporation)

CHAPTER ONE

WINNIPEG'S IMAGE

INTRODUCTION

Winnipeg is suffering from an image problem, both economically as well as socially, and this phenomenon is impeding the city's growth and development. Winnipegers have been conditioned to be apathetic towards their city, resulting in a lack of civic pride. The city is under constant attack, putting Winnipegers in the position where they are continually being called upon to defend their chosen location or to make excuses for why they work and live in Winnipeg.

ECONOMIC IMAGE

To illustrate, a very negative attitude towards the economy of the city of Winnipeg may be created by accounts of the city printed in various publications, that may not show Winnipeg in a favourable light. An example of such an article is that published in the Winnipeg Tribune, written by Marjorie Earl following an interview with Alan Artibise a noted Canadian historian in 1977. Artibise was quoted saying that Winnipeg's future is not very bright and that

"western cities are doomed never to grow because of discriminatory freight rates and because its generally conservative business community has rejected the opportunities of the 1920's and then the 1940's and finally the 1950's."¹ Whether Artibise was misquoted or sincere is not relative, the fact that a negative comment was published and that this form of media is involved in perception formation, does nothing to enhance Winnipeg's economic position in the eye of the public. It should also be noted that for every negative comment something positive could be said, however it is the negative aspects of a city which are likely to remain in a person's mind. As alluded to, this statement can be rebuked owing to the fact that response from the thesis survey showed that of the 67 firms replying, fifteen per cent of them located here in Winnipeg between 1920 and 1930, and 27 per cent of the respondents located in Winnipeg between 1940 and 1960.² Basically, these included the types of service businesses reflecting growth and prosperity, such as accounting firms and stock brokers, which would not find it feasible to locate here if industry providing a market for their service did not already exist. The period between 1920 and 1930 experienced the influx of businesses, the establishment of which, reflected population as well as business increases. The firms locating in Winnipeg at that time, as reflected in the sample, were comprised of one manufacturer's agent, two insurance companies, one stock broker, one accounting firm one advertizing firm and one miscellaneous. In the 1940-60 period, of the eighteen surveyed businesses

in this category, there were three insurance agents, one manufacturer's agent, three stock brokers, two real estate firms, three finance companies, one management consultant firm, two architectural firms, one construction firm, one advertizing company and one miscellaneous.

Combined, in this thirty year period, 42 per cent of the offices surveyed, located in Winnipeg in these years of high growth across Canada. The establishment, in Winnipeg, of the remaining 58 per cent of the office firms surveyed, occurred in the remaining 55 year period. Also, of those 67 firms surveyed, all but 19.4 per cent have expanded their operations since their inception. It follows, that Winnipeg did not stagnate in these boom times as one would be led to conclude from Artibise's assertions, and that to some extent, Winnipeg did take advantage of existing economic opportunities, or these office firms, which are basically service industries, would not have had any incentive to locate here. A demand for office services was present, resulting from population and business growth, or it would not have been economically feasible for such office functions to locate in Winnipeg.

Such articles as put forth by the media do nothing to improve the city's image in the eyes of prospective business clientele or residents. Our economic spirits are further dampened by the statement that the West will always be in the shadow of the East, and in particular Toronto and Montreal. The Earl article states that the Western provinces have no hope of advancing their economic development, owing to the

fact that, head offices would rather die than move out of Toronto. This was perhaps the case in Canada's earlier development, but no longer holds true. In fact, in a September 1979 issue of the Winnipeg Free Press, an article in the Business section brought to light the hard evidence that Toronto itself is finding it difficult to attract or even hold onto firms. The article stated that "Metropolitan Toronto may be losing its position as Canada's financial hub as soaring land prices and municipal red tape force companies to shift operations elsewhere."³ "Businessmen are quick to note other problems in the city - a lack of land for expansion and traffic congestion that makes transportation of goods difficult. Some say Metro municipalities have anti-business attitudes."⁴ While in itself, this does not repudiate Toronto's standing as a focal point for head-offices, it does suggest that the pre-eminent urban economy of that centre is no longer as evident as it once was.

Whereas a crisis does not exist currently, the Deputy Planning Commissioner of Metro Toronto, Don Richmond, has identified the following warning signs: the drop of assessment growth from 4.5 per cent in the 1960's to two per cent now with a forecast of one per cent by 1985; a drop in Metro Toronto's population since 1976 of 18,395; 88,000 unemployed in Metro Toronto as of June 1979 and this number is expected to rise; along with a greater reliance on property taxes, a forecasted increase due to the fact that municipal spending is rising faster than provincial aid.⁵

Opportunities exist for the taking in Winnipeg, especially

now that Eastern urban dominance is in decline. Winnipeg must show initiative and challenge other Canadian urban centres such as Calgary, Edmonton, Saskatoon and Vancouver by making a valid effort to attract businesses dismayed by the kinds of problems arising from urban diseconomies. Those who have control over the economy of the city must become aggressive. In order to promote Winnipeg, residents, businesses and all levels of government must work together to better its economic image.

To further dispute Artibise's position as quoted by Earl in the Tribune, is the fact that The Bank of Nova Scotia issued in August 1979, "A relatively optimistic forecast on Manitoba's economic prospects."⁶

We cannot however, rely on favourable economic predictions to come true. Economic problems do exist in Winnipeg, and must be identified and dealt with. Alan Artibise had put forth a two-fold solution: "A co-operative effort between the politicians and the business communities of the Western provinces to re-negotiate the terms of confederation,"⁷ and the "establishment of a low-capital investment high employment structure of secondary industry."⁸ This second suggestion only appears feasible on the surface. An advanced nation like Canada with a well-educated populace entertaining rather high expectations has a difficult task for example in filling positions in the garment industries, with their high labour requirements let alone bringing in further such activities. We seem to have the perception of ourselves, not as assembly line workers but as craftsmen, professionals, office workers

or highly trained labourers. Such a suggestion is not plausible in Winnipeg in the 1980's.

The idea of encouraging some types of secondary manufacturing in Winnipeg however does have some merit. The Bank of Nova Scotia's report saw manufacturing as being the strong area of the economy, with particular emphasis in the areas of clothing, food and beverage, and machinery production. These Manitoba activities are mainly Winnipeg based and have shown a 21 per cent increase in production over 1978.⁹ Nevertheless, manufacturing is very susceptible to business cycles and may by itself not be a stable sector of the economy to focus future development and growth. For instance, if a recession should occur in the American economy, "manufacturing will suffer the earliest and greatest impact from the impending slow down."¹⁰ "The manufacturing sector (in Canada) is forecast to lead the slowdown dropping from 7.8 per cent to four per cent real growth this year, and deteriorating to a two per cent decline in 1980."¹¹

It has been predicted by the Canadian Imperial Bank of Commerce that "Ontario might catch the brunt of the expected period of slow economic growth in 1979 - 1980, due to its heavy reliance on manufacturing."¹² It could face rising unemployment, a slump in manufacturing output and weak consumer spending.¹³ Taking into account these predictions, it would be safe to surmise that an economy should definitely not be over dependent on manufacturing industries. Both the manufacturing and office sectors should receive planning attention and both encouraged equally. A balanced economy

is a more stable economy.

Manitoba seems to be growing to a greater extent in the manufacturing sector as compared to the office sector. In illustration of this is a summary of a few of the Manitoba projects that are underway or planned, of which five are concerned with manufacturing and one project is that of an office expansion. The projects are as follows:

"World areospace demand has led Boeing to a four million dollar expansion of its Winnipeg fibre reinforced plastics manufacturing plant. A number of Manitoba's garment makers are expanding with the largest being Tan Jay's new \$4 million Winnipeg plant. Dominion Bridge's putting \$6 million into its Selkirk Steel production facility. Simplot will spend \$3 million on an expansion of its Brandon operations. Versatile Manufacturing Co. is planning a \$25 million expansion of its Winnipeg agricultural implement production facility. Finally a \$60 million development project is being planned for downtown Winnipeg and is to include a new head office building for Great West Life."¹⁴

As pointed out by economist John McCallum (who is currently in the Faculty of Administrative Studies at the University of Manitoba):

"Businessmen only invest when they see an adequate return and given this partial listing of private Manitoba's investment it's hard to understand how people can be down on the Manitoba economy. The Manitoba economy must be in relatively good shape or businessmen would not be investing here to the extent they are. Businessmen, after all, are not in the habit of investing where they are not confident."¹⁵

It would appear then that despite the defeatist attitude that some have adopted, Winnipeg's economy does show promise. We must go out and promote our city for all that it is worth. Winnipeg must be presented to the Canadian people as a good place to live and work, and therefore a realistic alternative in location decisions.

SOCIAL IMAGE

An article written by Bill Holden for the Winnipeg Free Press, is a good reflection of Winnipeg's poor social image. According to this article, when a sales marketing manager was transferred to Winnipeg from Toronto, his wife asked him, "What did you do wrong?" "It's an extreme example perhaps, but it illustrates the attitude of many Eastern Canadians when facing a transfer to what they perceive as the unsophisticated, cultural void, west of Toronto and Montreal."¹⁷

Ted Baron, manager of Technical Service Council (a non-profit placement service and personnel consulting firm) said "many executives and middle managers in the East still regard a transfer to the West as a sentence akin to a prison term."¹⁸ The amazing thing is that people who live here enjoy it. As a matter of fact, for the sales marketing manager from Toronto, this transfer to the West represented a promotion, and once his wife became familiar with the city, and established social contacts in Winnipeg, she grew to enjoy the lifestyle Winnipeg offered.

This unjustified irreverent attitude towards the West is damaging to our social and economic image. Try to imagine 9,000 professionals in the occupations of accounting, engineering, executive positions, scientists, specialists and technologists. One would expect these people to be intelligent and knowledgeable of Canada. Wrong! A survey done by Baron revealed that many still are under the impression that people in the West are still riding on horseback and living in igloos! It is comforting to know, however, that once they came and got to know the area, they found that they were reluctant to leave. There seems to be a difficulty in attracting people here due to the misconceptions that other parts of the country have of the West.

To further support the fact that those in Winnipeg enjoy their city, a survey sponsored by the Winnipeg Development Review Plan showed that the majority of 3,000 local citizens surveyed wanted little more from the city than better roads, a nicer downtown, and improved transit.¹⁹

The survey also showed that Winnipeg residents are more stable than those in other Canadian centres. To add additional support to the fact that Winnipeggers are content with their city, the thesis survey asked:

"Do you enjoy working in Winnipeg?"

The reply to this question which was put forth to office management was 67 positive replies and only four negative replies. I followed this with the question:

"Do you enjoy living in Winnipeg? YES NO"

The response to this was 69 positive and only three negative. Overall it appears that these office managers are content with the city. This seems to coincide with the satisfaction of the local residents surveyed in the previously discussed survey.²⁰

One final interesting argument supporting the attractiveness of Winnipeg is that the decision (April , 1979) made by New York Life Insurance Company, to move its small marketing headquarters to Winnipeg from Toronto was done so to accommodate the local Winnipeg manager who refused to move to Toronto to take a vice-presidency. Winnipeg appears to be a good place to live and work to this individual. Now we just have to tell everyone that it is socially attractive as well as economically promising! What we need is to create new economic opportunities to both employ our untapped labour force potential and to attract new people here. These goals can be accomplished by utilizing services currently offered in Winnipeg and secondly by attracting new business here. To expand on the former, I think it should be brought to the reader's attention that a survey of local development prospects carried out for the Winnipeg Development Review Plan was granted to a Toronto firm. These sort of research and monetary allocations should be granted to Winnipeg firms. By overlooking our own resources we show little confidence in our ability as a business community and should not expect outsiders to look upon us as a viable alternative location and service supplier for their business. Winnipeg should attract office

firms dealing in service functions to complement the manufacturing sector of the economy and to create growth on its own part, thereby creating a balanced urban economy.

CONCLUDING REMARKS

Today the office building is the symbol of success and contemporary urban economic development. The office function is found in association with almost every type of economic activity which means that growth in any sector of the economy usually leads to growth in the office sector. A problem arises in measuring this growth because there is no true definition of what an office job really is. Therefore statistics pertaining to the growth of the office sector are open to criticism. These are, however, useful if one definition has been consistently used through the years, and therefore the data can be viewed relatively. To illustrate the growth in the office sector, the example of Great Britain is as good as any. Between 1911 and 1961, the proportion of the labour force involved in white-collar occupations had increased from 18.7 per cent to 35.5 per cent. Again, it should be mentioned that the use of a different definition of the employment classification of office employment could have produced a discrepancy in the results. Yet, it is likely that the relative gain of approximately 100 per cent would stand. This growth in office employment has been called the quiet revolution and has been taking place since the turn of the century. Due

to the demands on communication linkages, the office component of the economy has a far higher level of centrality than was ever attained or desired by the manufacturing industry. This communications provision is met in the South East, and in particular in Central London.

Winnipeg too, already appears to have an advanced, mature development of office firms due to the similarity of the agglomeration economies and office linkages occurring in Winnipeg as compared to those of London, England. In addition, the English example of job creation from office decentralization is also germane to the Canadian situation. Policies dealing with office location and relocation, partly inspired by British precedents, will be discussed in Chapter Six.

Before attention is turned to the relationship between inter-office linkages and agglomeration economies, a more detailed explanation of the importance of such linkages to the office industry and city-system development is essential.

FOOTNOTES : CHAPTER ONE

- 1 Marjorie Earl, "West doomed to remain Toronto's hinterland : Artibise," (Winnipeg Tribune, November 30, 1977) p. 24.
This quote is not being utilized to malign Artibise, it is simply here to illustrate what a powerful tool the press can be in forming people's opinions and attitudes towards a city.
- 2 Supra Chapter Three, p. 72-94.
Note, that for every negative comment about Winnipeg something positive can be said.
- 3 Winnipeg Free Press, "Firms leaving Metro-Toronto," September 19, 1979, p. 34.
- 4 Ibid., p. 34.
- 5 Ibid., p. 34.
- 6 Winnipeg Free Press, "Bank optimistic on our outlook," August 29, 1979, p. 54.
- 7 Marjorie Earl, "West doomed to remain Toronto's hinterland : Artibise," (Winnipeg Tribune, November 30, 1977) p. 24.
- 8 Ibid., p. 24.
- 9 Winnipeg Free Press, "Bank optimistic on our outlook," August 29, 1979, p. 54.
- 10 Paul Whitelaw, "Slow but steady growth forecast for Manitoba," (Winnipeg Free Press, August 14, 1979) p. 8.
- 11 Ibid., p. 8.
- 12 Winnipeg Free Press, "Gloomy outlook includes Manitoba," November 7, 1979, p. 43.

- 13 Ibid., p. 43.
- 14 John McCallum, "Manitoba in bright investment picture," (Winnipeg Free Press, November 9, 1979) p. 28.
- 15 Ibid., p. 28.
- 16 Marjorie Earl, "West doomed to remain Toronto's hinterland : Artibise," (Winnipeg Tribune, November 30, 1977) p. 24.
- 17 Bill Holden, "Job transfer likened to a jail term : A move West? No Thanks," (Winnipeg Free Press, September 20, 1979) p.1.
- 18 Ibid., p. 1.
- 19 Ingeborg Boyens, "Winnipeg content with city : Poll finds," (Winnipeg Free Press, August 11, 1979) p. 3.
- 20 Ibid., p. 3.

CHAPTER TWO

OFFICE LINKAGES AND AGGLOMERATION

ECONOMIES

INTRODUCTION

In our age of fast moving technology, high unemployment and unstable lifestyles, it becomes more than desirable to cut through the thick fog which seems to hang over the understanding of city system development. Ultimately, both the manner in which development of city systems for the betterment of man is controlled, and the ease in which it is stimulated are contingent on such understanding. In studying the history of urbanization, evidence suggests that linkages and agglomeration economies, which lead to the clustering of economic activities, are primary determinants of city system development and growth. These linkages and agglomeration economies have evolved and created highly sophisticated multifunctional and multilocational major job-providing organizations which in their operations regulated city system growth, employment and quality of life.

PURPOSE

The purpose of this chapter is to explain the function

of office linkages and agglomeration economies from their initial inception to the current situation so to present the complete picture. Linkages and agglomeration economies occur in conjunction and have accounted for much of the growth transmission in city systems from earliest times until today. The types of linkages and agglomerations may have changed, but the basic interdependencies remain. It should be noted that the growth and development of linkages and agglomeration economies evolved in most advanced economies in a relatively uniform fashion. This makes it possible to illustrate the process with examples from different countries even though detailed differences in local manifestations of the city growth process remain.

Development has been parallel in advanced societies because, with regards to linkages, "society cannot function without the constant transit of goods, people and messages."¹ In response to the interdependency of supply and demand, concentration of activities has taken place through the years and has resulted in agglomeration economies, which occur where a number of persons engaged in economic activity decide on a common location. What happens is that due to close proximity, one firm supplies another and vice versa, thereby making production and information exchange less expensive and more efficient. In other words, through spatial and functional connection, firms can share or reduce cost by either combining purchasing power or selling the products of one to the other. These shared and hence, reduced costs are the agglomeration economies accruing to

cities and city-systems; the latter being urban units which are economically linked to one or more other urban units within a region. This concentration and interaction for purposes of easy accessibility, has been occurring since the beginning of civilization. As stated earlier it is essential to see the city development as a secular process based on the realization of such agglomeration economies.

One important study of this development carried out by Allen R. Pred, (a leading researcher in the field of urban systems) dealt with information circulation and channels of interdependence which affected the past growth of urban U.S.A.. He found that over long periods of time, the most important city-systems of broadly defined regions experienced either no shift in population rank, or either an upwards or downwards shift of one or two ranks. By rank, Pred is referring to the ranksize rule, which can be stated in its simplest form as "That the population of any city: (expressed as P_n) is equal to the population of the country's or region's largest city (P_1) divided by the national or regional population rank of the city in question.

$(r_n)^j$ ie. $P_n = P_1/r_n$ To put it simply, the second largest city should have a population of one half that of the largest national or regional city, and so on."² The history of the development of urban systems of the larger metropolitan kind in the U.S. demonstrates this rank stability and illustrates the basic processes by which this stability reinforces itself. In Pred's words:

"The long-term rank stability of large metropolitan

complexes in particular, and the growth and development of city-systems in general can be most plausibly explained by the tendency of early established major channels of interdependence, or interurban growth transmission, to be self reinforcing thereby becoming increasingly deeply entrenched and influencing subsequent channels of interurban growth transmission."³

This evolution is outlined below.

CITY-SYSTEM DEVELOPMENT

Personal Interaction

The first form of interurban and long-distance specialized information circulation was through personal involvement in the time consuming physical process of human spatial interaction which was limited to interregional and interurban trade patterns. In view of this, spatially biased information affected knowledge of supply sources and marketing outlets. An important point to note here is that already events are being influenced by "limited search and uncertainty - reducing behaviour."⁴ This characteristic of flows remains constant in the development of city-systems.

Newspapers

Besides human interaction, newspapers also played a role in making public information available. Papers too, were

distributed in spatially biased flows. The importance of newspapers were that they offered advertizing, shipping information, and wholesale prices to the businessmen. Again information flowed along the major trade routes and again information was usually dated by the time it reached the extremities of the urban system. As time passed, and transportation improved between cities, the time-lag decreased, and definite preferred areas arose which were dependent on information linkages.

Postal Services

To take the American case, between 1790 and 1840, the services of the U.S. Post Office expanded considerably. Use of the postal service was costly as prices rose with distance. Long distance interaction therefore was too costly for the worker and consequently interurban interaction was dictated by the businessmen who could afford the cost. Those areas with easy accessibility developed much more rapidly, thus, service discrepancies between the best and poorest routes became strengthened and accentuated, and extremely disproportionate urban concentration of mail origins and destinations occurred.⁵ Owing to the fact that the commercial sector of the cities generated the most postal interaction, they too determined the direction that growth and development would occur because there was a direct correlation between postal receipts and population.

Business and Pleasure Travellers

A further form of specialized information circulation was that undertaken by the businessman and the economic elite. These people were the only ones who could afford travel fares and this made them "a vital cog in the long-distance spread of specialized information,"⁶ in that they collected and exchanged information. As a result of this conveyance, the increasing business traffic between specific urban pairs contributed to rather pronounced intraregional contact-arrays which were spatially biased due to the availability of specialized information,"⁷ (in certain areas of the U.S.A.). In short, cities developed along major trade routes which were also the major information linkages and these cities in turn grew to be interdependent.

Telegraphic Era

Following the pre-telegraphic era the basic city-systems were already partially developed due to the spatial biases of the trading activities. With modern industrialization and the advent of manufacturing, these systems became more pronounced and contributed greatly to urban economic growth. Owing to the rise of manufacturing industry, the improvement of railway facilities and the subsequent development of mass markets, "the top of the U.S. urban-size hierarchy became characterized more and more by industrial multifunctional cities, and less and less by cities dominated by wholesaling

and trading functions."⁸

During the post-Civil War period, the association between industrialization and subsequent urbanization led the largest U.S. city-system units to grow at a faster pace than smaller cities. The manufacturing activities became increasingly spatially concentrated in the most populous urban systems.

DEVELOPMENT OF AGGLOMERATION ECONOMIES

Agglomeration economies arose in response to information linkages and supply and demand linkages. Potential sites for industry were concentrated due to the spatial biases of the information flows as discussed earlier with references to Pred's study. Also because of high transport costs, manufacturing industries preferred to locate where the labour supply and markets were to be found, that is to say, they located in the more populous cities. Once an industry decided to locate in a specific urban area the new manufacturing functions were to have an initial multiplier effect and therefore create a variety of additional employment in the local activity system. "Some of these multipliers will always be of the employee expenditure variety,"⁹ which is to say the "aggregate income spending behaviour of employees at the new or expanded facility is sufficient to cause the expansion or birth of certain consumer-serving facilities,"¹⁰ while others will be of either the backward-linkage variety which occurs when "the new or expanded

facility demands goods or services at a scale which eventually justifies job additions at the supplying units,"¹¹ or the forward linkage variety in which "the output of goods or services achieved by the new or expanded facility eventually induces other facilities to increase their level of consumption opportunities, population and threshold attainment"¹² (that is, the minimum volume of sales demand necessary to sustain economically a given type of establishment). The process is continuous.

Further growth is then transmitted through non-industrial jobs serving the manufacturing industry such as new construction activity, improved local transportation and public utilities, as well as activities providing consumers with goods and services, "all of which can be associated with an initial multiplier effect which create multiplier effects of their own that also contribute to the fulfillment of local or regional industrial thresholds."¹³ This mechanism is, of course, the multiplier-accelerator mechanism of Keynesian origin.

Complementary to these events is the increase in the spread of specialized information in the area. The communications network increases in complexity with the expanding economy. The multiplication of the communicative interactions,

"among the growing numbers of individuals engaged in manufacturing and tertiary sectors enhances the possibilities of technological improvement and invention in non-threshold as well as threshold industries, enlarges the likelihood of adoption of more efficient managerial and financial practices, increases the

speed with which non-locally and locally originating ideas are locally disseminated, and eases the diffusion of skills and knowledge brought in by migrants from other areas."¹⁴

The concurrent spatial concentration of manufacturing and maintenance of large city rank-stability in the U.S. was affected by another factor, namely transportation improvement. With the appearance of the railroad, transportation routes that join leading urban-industrial centres encouraged interurban, or interregional trade between cities served.¹⁵ Once this occurred the growth of traffic between the cities yields production scale economies and lowers per unit freight costs.¹⁶ These reduced shipping rates encourage further trade which in turn demands increased facilities. "Repeated iterations of this sequence attract economic activities and population to the railroad services and product markets paralleling the original major routes and particularly to the most nodal large centres."¹⁷

It can be shown that economic activities tend to spatially cluster depending upon, as discussed earlier, information flows, localized materials, transportation services, labour or markets. The clustering and linkages within or between firms and the exchange of goods and services within and between firms tend to create these agglomeration economies.

Agglomeration economies developed in the early stages of urban development when manufacturing was the basic vehicle of growth transmission. To recapitulate, the study

of agglomeration economies itself, "emphasizes the connections or linkages between economic activities within a relatively restricted geographic area."¹⁸ Each firm is one part of a complex organization of firms held together by direct or indirect linkages. Through these linkages "external economies are transmitted to the individual production unit through its network of interconnections with other elements in a system. These linkages are of three main types,"¹⁹ production linkages in which materials and goods move from one firm to another as part of the productive process, service linkages which embrace a wide range of activities, including the performance of maintenance work, the provision of machinery and equipment and the operation of financial and commercial services, and market linkages which link firms whose function is to distribute the firm's output, including wholesalers and transportation operators.

When such linkages are present, agglomeration economies may exist and will usually lower operating costs, increase revenue, or both. Two types of agglomeration economies exist, namely localization economies and urbanization economies.

A localization economy can be gained by firms which are involved in a particular industry type and are functionally connected and situated in close proximity. These firms can function as one extended system and the localization economies accrue, "to the individual production units through the overall enlarged output of the industry as a whole at that location."²⁰

"Urbanization economies, on the other hand, apply to

all firms in all industries at a single location and represent those external economies passed to enterprizes as a result of savings from the large scale operation of the agglomeration as a whole."²¹

Spatial proximity is beneficial for linked activities in that there is the possibility of saving on transfer costs, and also communication between units is rapid. This is very important when products need to be rapidly marketed to meet the changing needs of the consumer and also, of course, to ensure that close contact is maintained between head-office, which responds to consumer needs, and the production units which fulfill the orders anticipated by head-office management.

In many situations small and medium sized firms can only exist in such an agglomeration by availing themselves of external rather than internal scale economies. How a scale economy is classified, depends upon "the context in which a production unit experiences them."²² To further explain, the economies achieved by this firm as a result of an expansion in its own output is termed an internal economy of scale. At a different level, the increasing returns to scale achieved by the entire industry (eg. garment industry) or office industry (eg. insurance firm) in Winnipeg as a result of its expansion would also represent an internal economy. There may however, be a situation where the individual firm achieves a decrease in average unit costs not because of its own increase in production, but because the growth of its industry as a whole permits the use of improved

operating techniques. Thus the firm may achieve an economy of scale without necessarily experiencing a change of scale on its own part, but as an indirect result of an internal economy of scale to some larger system external to the firm itself. This represents an external economy.²³ Such specialized functions as accounting services, plant maintenance services, and market research provide the "firm with these scale economies from sources external to itself"²⁴ also. They may too supply companies with production inputs at a more competitive cost due to the benefits of their close proximity, such as lower transfer costs and immediate delivery. This does not mean, however, that where ever firms are spatially clustered together, functional linkages apply to the situation. The advantages of some agglomerations are also not as obvious as others, however, the ability to reap agglomeration economies is an asset to most firms.

Other benefits stemming from agglomeration economies accrue to firms in large urban-industrial as well as urban-office agglomerations. It is relatively easy to find flexible labour supplies to meet their needs, floorspace is usually available in an urban centre and can be taken or discarded to meet the changing needs of industry or office functions and finally, economies of scale external to the firms are also available in the form of a wide range of public utilities and welfare services.

It must be realized however that agglomeration economies are not all of positive impact. Diseconomies may occur if

the agglomeration becomes uncontrolled and efficiency is impaired.

"In particular, pressure on inputs such as land and labour is said to increase their price to an exorbitant level; competition for labour among localized firms may raise wage rates or produce shortages; competition for land or premises may force rents upward making further economic operation impossible. Movements generated by agglomeration activities may produce strains on transportation facilities with highways becoming obsolete and congestion occurring. Finally the general quality of public services may deteriorate because of overload."²⁵

Despite these possibilities, agglomeration economies are still the dominant characteristic of city-systems and have been so since the Industrial Revolution.

Up until now discussion has been based on the development of city-systems from pre-telegraphic to industrial times. It was essential to the understanding of present city-systems along with their linkages and agglomeration economies, to see how the cities first developed these functions through the growth of the manufacturing era so that we can understand how these salient characteristics have been adopted or adapted in the present surge of office development.

Over the years the office industry has arisen and become an increasingly important employer in terms of both number employed and salary commanded by those engaged. This structural shift from manufacturing to office employment has been occurring since early times, but it was not until

relatively recently that office employment has become prominent. While office functions have always existed, it was the advent of the Industrial Revolution and the need to control and finance industry that promoted the growth of office communication and control.

THE DEVELOPMENT OF THE OFFICE FUNCTION

The office function has a great deal to do with communication. Most office jobs are concerned with "writing or transcribing messages of one kind or another, and with relaying information, therefore we should expect that, when there is an increase in the number of financial or other transactions, there will be a corresponding growth of the office function."²⁶ The explorations, colonization and empire building of the previous three centuries increased trade enormously, and led to a growth in the number of "messages, bills, agreements and so on which poured into the banks, counting houses, exchanges and coffee houses of the city."²⁷

In view of the main theme so far expounded, as manufacturing industries grew, agglomeration economies occurred in the larger cities and stimulated further growth. The enterprises became increasingly complicated and additional internal and external communication links were added. This development of increased information flow necessitated the separation of the office functions from the production functions.

A new type of building was created for the sole purpose of office usage. These were referred to as a kind of human filing case. Office buildings, as did their industrial counterparts began to cluster together to achieve scale economies. The office industry became even more prominent with the invention and adoption of the telegraph, which enabled information to be passed instantly from one branch to another and allowed for the detachment of office functions from production, the telephone, which increased the work load, and accelerated the acceptance of the typewriter, and finally the typewriter which led to a subsequent rise in office functions.

"With the 20th century, the office function and the office building began to assume an ever-increasing importance to the cities."²⁸ By the thirties, as a response to societal forces, the skyscrapers replaced the factory like office building due to the fact that people no longer wanted to work in poor environments.

The office function being closely linked to the patterns of communication in society will be altered should any changes in such patterns occur. Linkages and agglomeration economies associated with offices are fact becoming the dominant catalyst for urban development. As Deutsh (1962) says,

"Any metropolis can be thought of as a huge engine of communication, a device to enlarge the range and reduce the cost of individual and social choices.... The facilities of metropolis for transport and communication are the equivalent of a switchboard. The units of commitment are not necessarily telephone

calls but are more often face to face meetings and transactions."²⁹

"Information flows influence the behaviour of firms, especially in so far as they encourage the agglomeration contact-intensive functions."³⁰ The agglomerations can only arise as a result of "the coincident decisions of businessmen to locate at a given point in space."³¹ Therefore linkages determine agglomeration economies which in turn create stronger linkages which in turn influence further locational decisions. In the office industry spatially biased information created clustering effects of offices utilizing the same information. In advanced countries the massive rise of office facilities has been hidden until now along with the subsequent linkages and agglomeration economies of such organizations. It has been realized that today's economy is "generally characterized by a stable or declining number of jobs associated with the processing and transportation of natural resources and already manufactured goods, and an increasing number of jobs associated with the processing and exchange of specialized information."³² By 1975, manufacturing jobs in advanced countries had either ceased to grow, or were declining in absolute terms. Today, white collar employment in the U.S. has reached fifty per cent of total employment. These workers are office employees basically. In Winnipeg white collar employment for example, in the finance, insurance and real estate business increased as a percentage from 1974 to 1975 by 3.2 per cent while wages earned weekly for the same period, jumped 12.36 per cent.

On the other hand in the manufacturing end of business, employment increased only .8 per cent with an average increase of 8.1 per cent in wage rates. It is interesting to note, that as office business increased employment and wage rates, so too did communication utilities which are in many cases, the lifeline to the successful functioning of office business. To illustrate, between 1973 and 1975, total employment in the communications industry increased 38.46 per cent while wage rates jumped from an average of 160.71 dollars weekly to 206.48 dollars weekly, an increase of 22.2 per cent.³³ Overall, within the office group itself, it has been found that the highly salaried office employee numbers have increased more than the less paid clerical employees. "This is largely due to the computerization of routine functions, and the corporate planning activities made necessary by fast technological change and swift alternations in the structure of demand."³⁴

The important consequence of the increased office employment and the increases in highly paid office workers was that the locational decisions of the office industry broke away from the previous dependency on manufacturing information and decision making thus creating new forms of "concentration of the most information-sensitive office employment in major metropolitan complexes."³⁵ More knowlege is desirable about this phenomenon.

The tendency for office industry to locate at a central location creates a definite advantage by allowing personal contact to be made and maintained with customers and suppliers

especially where highly specialized services are involved.³⁶ Offices also operate as industries because they too enjoy internal and external agglomeration economies. Owing to the realization of economies of scale, office industries have been growing and expanding, with large firms controlling more and more employment, and smaller offices selling out, merging, or closing up entirely due to the competition. Multilocational and multifunctional organizations have arisen and their control of the economy is increasing. Society can now be considered an aggregation of organizations. This aggregation took place in three stages.

The first stage occurred in the U.S.A. from 1897-1905 when the desire to eliminate competition spurred on merger activity resulting in the emergence of oligopolistic structures. "This sometimes involved the spatial separation of management from production or marketing and the appearance of specialized units possessing only administrative or management functions."³⁷

The oligopolies, which combine the production and office functions of different firms producing the same good into one firm, will be aided by the same localization economies, as well as through increasing control over the market. Information, production, service and market linkages become stronger when all firms who previously competed for information, supplies and markets are now operating as one.

The second stage was referred to as the merger boom of the late 1920's. Horizontal mergers again occurred as well as vertical integration of backward and forward linkages

resulting in multifunctional organizations of the conglomerate type.³⁸ These conglomerates bring various types of businesses under the control of one organization. In such cases, agglomeration economies occur, and in particular, those classified as urbanization economies in which all industries and offices at a single location or in the case of conglomerates, under control of a single entity, pass external economies to enterprises as a result of savings from the large scale operations of the agglomeration as a whole.

"The most recent wave of mergers which by no means has totally abated, has been dominated by the expansion and creation of highly diversified conglomerates,"³⁹ such as Gulf and Western Industries in New York, Tenneco in Houston and Teledyne in Los Angeles. There were also some horizontal mergers occurring; most evidently in the textile industry, the petroleum industry and the forest products industry.

This merger activity occurred for several reasons in addition to benefits arising from agglomeration economies. One reason was that those who managed the organizations in question did not "concern themselves with profit maximization, but with power, prestige, security, income level and advancement within the organization."⁴⁰ These desires are obtained through organizational size and growth. A second reason for this merger activity was due to fluctuations in demand, and by an ever more rapid pace of technological change which itself contributes to unstable demand."⁴¹ The larger the organization the easier it can adapt to changes and short

lived products.

"Faced with an environment which is laden with the uncertainty of unstable market preferences and kaleidoscopic technological linkages, modern major job-providing organizations normally attempt to cope by constantly broadening their offered range of products or services, If pursued successfully, this strategy, which is designed to guard against demand decreases and disappearance for still existing functions, results in absolute size growth and a net increase in the number of functions performed."⁴²

It is evident that the office industry has become increasingly important in times of mergers and take-overs. The larger and more diversified these multifunctional and multilocational organizations become, the more evident is the need for increased administration, marketing and research functions to control and operate the business. Information flow has therefore become highly advanced and vital to the functioning of such organizations in order for the agglomeration economies to reach their fullest potential. It is obvious that through time, linkages and agglomeration have existed hand in hand, until today they seem at their peak in sophistication in our ever increasing development of office jobs and their control over the decreasing employment functions of the production industry.⁴³

For an illustration of the intricacy of these vital new organizations, the Ling-Temco-Vought (a major U.S. conglomerate) organization is viewed:

"James Ling of Ling-Temco-Vought explicitly asserts that the rapid diversification of his organization during the 1960's was a carefully measured effort to reduce dependence on any one product or technology or business. As of 1972 the Ling-Temco-Vought organization had annual sales of \$3.5 billion, it employed 66,000 and had 87 subsidiaries. It was involved in steel, meat-processing, sporting equipment, pharmaceuticals and chemicals, carpets, processed foods, and the provision of domestic and international airplane service."⁴⁴

These multilocal organizations have a great deal of control over the economy and contribute to the growth and development of systems of cities in advanced economies. As these organizations are the most important economic as well as social force in today's world, the operations of such conglomerates must be studied so that they can be directed to grow and develop in a way which benefits not only the organization itself, but society as a whole. A more comprehensive understanding of such corporations requires study of their hierarchical structure, processes of growth transmission, operational and locational decision making functions and their dependence on linkages and agglomeration economies. Only then will we know more about the organizations which are in control of our system of cities.

In terms of the hierarchical structure, these multilocal organizations are usually found to have three or more tiers, the higher the tier, the larger the area under control. The national headquarters which is the controlling

entity, is at the top of the hierarchy. It is usually situated in a metropolitan complex of national importance, and thereby benefiting from those services accruing in such cities. The next level is that of the divisional office. These are usually located in large metropolitan complexes of either regional or national significance.

Of all these organizational hierarchical structures in advanced countries, the locational pattern of the headquarters is asymmetrical. For example, in Great Britain,

"London metropolitan complex contained the greatest number (532 of the head offices belonging to the 1000 private-sector manufacturing and services organizations with the largest revenues during 1971-2). London's position as an administrative centre was especially accentuated among the 500 largest organizations. (Because of mergers, locational shifts and different organizational growth rates, London's share of the top 500 rose from 297 in 1969-70 to 327 in 1971-2). All the same in 1971-2 there was a total of 222 major headquarters in seven other metropolitan complexes with a population exceeding one million, Birmingham (66), Manchester (45), Leeds (33) and Newcastle (9). The remaining 246 headquarters were spread among about eighty-five smaller metropolitan areas and cities."⁴⁵

Due to this asymmetrical organization of businesses the intraorganizationally based systems of cities can be extremely complex. Uppermost, is the great interdependence between the large metropolitan complexes. These large cities transmit growth between themselves and not just to the less populous members of the urban system.

"If multilocal organizations have been acquiring control over an even greater share of the economy in economically advanced countries, if the headquarters of such organizations are predominantly found in large metropolitan complexes (rather than only in the highest ranking metropolis), and if intraorganizationally and interorganizationally based city-system interdependencies are as complex as just described, then it follows that regardless of where major new investment or activity expansion occurs, it is very likely to result in some intra-organizationally (and interorganizationally) based multiplier effects at a nearby or distant large metropolitan complex."⁴⁶

This process of growth transmission is important to those who wish to involve themselves in controlling and directing such transmission. As discussed previously, it is the office industry of this multilocal organization which is fast becoming the major employer, not the exchange and processing and movement of primary and secondary goods. The tertiary businesses are taking over. Business linkages are increasingly more intricate and more dependent on time factors than before and therefore accessibility is important in fast moving economies. Office industries have a greater propensity to create employment and pay a relatively higher salary which in turn can effect the multiplier process to a greater extent than factory workers. Employment and money create more employment and capital flow.

Employment creation will sooner or later propagate multiplier effects of the employee expenditure variety, the backwardlinkage variety or the forward linkage variety.

These multipliers may all occur with the initial employment or production increase and they may occur locally or non-locally. These are first round effects and their development may create second round multiplier consequences. Growth induces further growth. These linkages occur within the same multilocal organization or between another multilocal organization, in other words they occur intra or interorganizationally and therefore the city-systems are effected and not just one urban area. It must also be noted that there could be some negative effects and this could invariably cause loss of jobs.

The multiplier effects, be they local or non-local or forward or backward, may, due to the character of present multilocal and multifunctional organizations, create demand and supply and employment within a constituent organization leading to growth and development of that organization. This concept is important because with increased growth, these organizations maintain and enlarge their control over the majority of employment and employment opportunities. Study and understanding of these linkages and agglomeration economies becomes essential to the understanding of city-system development.

A second function of multilocal organizations is their responsibility for important growth inducing or employment generating innovations which affect city-system development in economies. These growth inducing innovations are of three types; those that provide new products or services, those that provide new production processes and those which

"incorporate one or more of the following features; new structural relationships within organizations, new operating procedures, and new planning or policy-making procedures."⁴⁷

Adoption of an innovation in one business can lead to adoption in others, this process is called innovation diffusion. To further expound on this matter, it is found that,

"Each adoption of a growth-inducing innovation by an organization normally contributes to city-system growth by the creation of jobs at the site of implementation and by eventually propagating direct and indirect employment multipliers both locally and non-locally. The non-local multiplier effect arising from the organizational adoption of growth-inducing innovations, by definition create or expand economic interdependence between the cities involved. Economic interdependencies in turn, channel the flow of specialized information which affects the location of subsequent organizational innovations - adoption decisions and thereby future city-system development."⁴⁸

Multilocational organizations are controlling factors in urban system growth, and are basically spearheaded by some form of office industry. The issue of locational decision-making is an essential element to the understanding of city-system development. Lloyd and Dickens have said:

"It is clear therefore, that if we are to achieve a greater understanding of the spatial organization of economic systems, if we are to predict future spatial patterns and indeed if we are to solve many of the problems of spatial imbalances in economic

prosperity, we must know more about the decision-making process. How does a person setting up in business for the first time decide where to locate his operations? How does the large expanding business firm go about choosing a new location for its increased production and distribution operations? These and similar questions are of vital concern to us as geographers and to those governments attempting to stimulate depressed areas by encouraging new economic activity."⁴⁹

Pred, supports the idea that the decision-making process dictates city-system development and goes on to say that the most important factor in the decision-making is information flows.

"Given our definition of a system of cities, the growth and development of such a system can be seen largely as an accumulation of decisions directly and indirectly affecting the location and size of job-providing activities in the private and public sectors. All the specific locational choices and related economic decisions affecting the evolution of a city-system are to some extent dependent on the decision-making unit's stock of specialized or pertinent information, whether intentionally or unintentionally obtained. This is because all economic and locational factors whether individual entrepreneurs, business firms and corporations, or government organizations can choose only from alternatives of which they have become aware either through information search or accidentally acquired information."⁵⁰

There are two basic characteristics both of these decision types which will be discussed first. Decisions are either routine or non-routine in nature. A routine decision is one

which involves usually direct feedback information. These decisions require no search for alternatives "since the search and spatially biased information employed previously where similar decisions have been made has, via experienced feedback, resulted in a learning process and the identification of what is judged to be a satisfactory standard solution."⁵¹

A non-routine decision on the other hand is one made in which no precedents were set prior to demand for the decision. This requires then a search for alternatives. This search is spatially biased. "In particular those who make non-routine locational decisions frequently attempt to reduce uncertainty and avoid perceived risks by choosing alternatives that are similar to those opted for in recent past either by themselves, or by other firms or organizations of which they have become aware through their spatially biased array of direct and intermediary contacts."⁵²

These routine or non-routine decisions are called upon in four basic cases. These situations are highly relevant to present city-system development because they could create employment and the subsequent multiplier effects. The first of these decisions is the purchase-source decision. Here the need to purchase additional goods, services or supplies, requires a price sensitive decision. The second type of decision subsume the selection of new sales targets whether within the previously existing market area of an organization or within a totally new area or city⁵³ and is called a marketing-outlet decision. The third type of decision is the private investment decision in which investment decisions in

already privately held operations is considered. Finally, public organization allocation decisions are those involving decisions to expand resource allocation.

All four decisions involve both a locational decision resulting in the "selection of a place where action is to be implemented and thereby directly and indirectly affects some cities as opposed to others."⁵⁴ There is also a specialized information component which limits alternatives available due to the spatial biases of such information flows. A decision can only be made involving that information available.

Now that the basic characteristics of decisions have been discussed, decisions will be divided into the two categories discussed earlier, that of operational decisions, and explicit locational decisions. Operational decisions can also be called implicit locational decisions and occur every time an organization "decides to purchase goods or services, to award a contract or subcontract, or to make some miscellaneous allocation of capital."⁵⁵

The second type of decision is the explicit locational decision. "These occur whenever an entrepreneur, corporation or government agency decides to establish or physically expand a factory, retailing unit, service outlet, office, or some other kind of job providing facility."⁵⁶ Again, as in the case of operational decisions, spatially biased information limits choices to a restricted geographical area. Innovation adoptions also applies to explicit locational decisions and these too are effected by information circulation. Diffusion of innovations depend on the dissemin-

ation of knowledge, which in turn depends on the linkages and information flows within the existing agglomerations in the city-system.

The acquisition of information involving the adoption; technical costs, marketing uncertainty and risk taking, must be obtained before the innovation is adopted or rejected. This requires that a considerable quantity of old and new information must be found. "At this point spatially biased information concerning the reactions and experience of previous adoptors is frequently crucial."⁵⁷ Once these innovations are adopted the success or failure of the decision will be diffused within the spatially biased flow of information and this will effect decisions by other firms concerning further implementation. "Recently geographers have become increasingly aware of the need to look more closely at locational decision making."⁵⁸

The fundamental aspects of decision-making which are measurable, unlike the behavioral aspects, have created a new field of study for geographers, and one which is rapidly growing in importance.

Specialized information is never perfect, and never universally available. It is spatially biased at any given time or place and therefore, limited in the extent of its availability. Also those who seek information tend to look to those sources nearby, or those used previously. Spatially biased information then influences the "range of opportunities and alternatives which explicit and implicit locational decision-makers become aware of and choose among."⁵⁹ Availability

and cost of subsequent information needs are also a factor, especially when considering locating administrative headquarters, advertizing agencies, financial institutions, public relations firms, consulting firms, law firms, data processing services and office and business service activities in general. Metropolitan locations where activities of this type are already clustered are generally perceived to offer new or relocating sister units the advantages of easily arranged meetings and face to face contacts, greater choice of opportunities, and risk-reducing knowledge. The absence of such information is prohibitive to growth and city-system development.⁶⁰

A final thought pertaining to decision-making and information availability is that input is selective. Firms do not always make use of all available information within their sphere of communication. Instead, they react only to that information "to which they are attuned. They develop their own mechanisms for blocking out certain types of alien influence and for transforming what is received according to a series of code categories."⁶¹

The communication within and between the hierarchy of a multilocational organization and between multilocational organizations themselves therefore are the determining linkages to the provision of information about possible locations and the factors for and against such alternatives. The hierarchy of such multilocational organizations, and the information flows must be scrutinized and fully understood in order for one to estimate the impact of agglomeration

economies as pertaining to these flows and the spatial biases of such linkages. This is done in order to ascertain the factors affecting locational decisions of multilocational organizations, which in turn determine city-system growth and development. The information flow is made up of contact types, information types and the interaction between the two.

Within the multilocational organizations there are three basic types of contact, two of which were discussed earlier. Simon distinguishes between programmed and non-programmed decision processes. Programmed decisions are routine, structured and standardized, non-programmed decisions are novel, unstructured and complex. Both Goddard and Thorngren identify three basic types of contact. The programme contact is short, one-way, frequent and depends essentially on the telephone. Planning contacts are longer and are usually between people who know each other. The information flow is two-way and meetings as well as telephone contacts are involved. The orientation contact is more sophisticated and brings together groups of people for a planned conference. This type of meeting is of a longer duration than the planning contact and executives freely exchange ideas in an attempt to solve problems and implement policies.⁶² Goddard's work (which will be discussed in detail later) showed that programmed decisions had little effect on locational decisions, however planning and orientation contacts placed strong locational constraints on the firms due to the need to communicate and exchange information and the spatial biases subsequent to linkage development.

There are three basic types of information flow which result from or result in these contacts, namely private information, public information and specialized visual information. Private information is all information conveyed by person to person contact. These could take the form of face-to-face meetings, written exchanges, and telephone conversations. Face-to-face contacts are most desirable, without which "we would quickly atrophy."⁶³ The idea that improved communication techniques such as confra-vision and video-telephones will make face-to-face contact obsolete is a fallacy. Easy exchange of private information is essential in the commercial field and "subsequent penalties are accepted by brokers, bankers and merchants to be near their daily contacts."⁶⁴ It is cheaper and quicker to obtain information from nearby sources, thus these linkages form agglomeration economies. Offices utilizing similar information and desiring the same contacts therefore cluster together so that benefits of agglomeration economies can be obtained.

The second type of communication is public information. These linkages are of many types, such as, newspapers, radio, television and speeches. When this information reaches the initial recipients, it is public information, and can then be circulated to others in the form of private information. When this occurs, the content is often modified. As both public and private information, the circulation is again spatially biased.

The third type of communication is the specialized visual information in which individuals circulate their

individual visual observations and perceptions. "The availability of specialized visual information, commonly declines with distance from the point of origin due to the distance decay of human travel patterns."⁶⁵ The visual information is almost always converted to private information and again is subject to the same spatial biases which limit all private information circulation.

It is evident that the decisions which determine the size and location of major job providing organizations and thus city-system growth and development, are directly dependent on the spatial biases of the circulation and availability of specialized information. It has been indicated by a variety of inquiries into the decision making behaviour of individual entrepreneurs and organizations,

"That in the great majority of instances a very limited scanning of the environment is undertaken to eliminate obviously inappropriate alternatives, and that what is deemed to be a satisfactory alternative is selected before the search for information has proceeded very far."⁶⁶

The large metropolitan complexes of office headquarters have this abundant and accessible supply of specialized information and services. Every office expansion or addition to the city, strengthens and broadens the linkages. Thus economies of scale are developed. With increases in numbers of contact intensive employees, the subsequent volume of information exchange increases and the metropolitan complex becomes more attractive. Also when high level organizational administrative units expand or select new locations there is

an increase in the demand for specialized business services. Communication and transportation networks also improve or expand their services. These services accumulate and increase the attractiveness of the large metropolitan centres. This process reinforces itself since the larger metropolitan complexes already contain most multilocal organizational headquarters, and that the services offered are the best available, "they have the highest probabilities for acquiring the head-office functions that are transferred in space because of mergers or acquisitions."⁶⁷

As alluded to earlier, larger metropolitan complexes offer three major specialized services. These are the ease of interorganization face-to-face contacts, the availability of specialized services and the high intermetropolitan accessibility. With regards to face-to-face contacts between organizations, in most cases this is in response to the need for frequent contact. This is because the different multilocal business organizations are suppliers, purchasers, project partners or competitors of each other and thus face-to-face contact is essential for these non-routine encounters. Time is also a factor. "Inasmuch as numerous headquarters personnel spend twenty or more hours per week conducting information exchange there are tremendous savings in time, and hence costs, that accrue from the clustering of organizational headquarters and ancillary business services in major metropolitan areas."⁶⁸ If the city is a national capital, further benefits accrue, in that government agencies award contracts or purchase goods or services from those

organizations with which face-to-face contacts are possible.

"The promise of such contacts in cities is known to exert a strong attractive influence in some high-level private sector administrative units."⁶⁹

The second benefit of large metropolitan complexes is the availability of specialized services. Business services in this time, are very specialized and thus large markets are essential for survival. This means that most "new business-service providers have tried to maximize accessibility to potential customers by locating in large metropolitan complexes."⁷⁰ Such services include advertizing agencies, banks, law firms, public relations firms, management consultants and data-processing service-centres.

The third benefit of large metropolitan complexes is the high intermetropolitan accessibility. "In short, the greater the variety and frequency of locally available non-stop flights or other transportation connections, the easier it is for highly paid contact-intensive employees with tightly packed schedules to fit in non-local round trips, including four or more hours of on-ground business activity, within the time limits of a single working day."⁷¹ This saves the business time, and in doing so, money.

From the concepts and facts presented, it is evident that interurban and intraurban growth transmission is dependent on spatially biased information linkages and the subsequent agglomeration economies which accrue. Through the years, organizations have grown and taken advantage of the economies of scale available in the larger metropolitan

complexes. These multilocal organizations now employ the majority of workers in advanced countries. If planners proceed to control and direct these organizations to specific locations, perhaps regional and urban disparities can be partially dissolved and employment opportunities improved. This would result in a better life for those affected. Before this can be accomplished however, a better understanding of the linkages within the cities is required and can be obtained by empirical studies. The third chapter deals with such studies, and attempts to develop an overview of the situation pertaining to office location and clustering in Winnipeg: is the prime subject of concern. This discussion will also illustrate Winnipeg's development, or lack of development as an office centre by a comparison study between London, England and Winnipeg itself.

FOOTNOTES : CHAPTER TWO

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- 2 Allan R. Pred, City-Systems in Advanced Economies, (Hutchinson University Library, London, 1977) p. 17.
- 3 Ibid., p. 37.
- 4 Ibid., p. 39.
- 5 Ibid., p. 61.
- 6 Ibid., p. 63.
- 7 Ibid., p. 65.
- 8 Ibid., p. 85.
- 9 Ibid., p. 91.
- 10 Ibid., p. 31.
- 11 Ibid., p. 30.
- 12 Ibid., p. 31.
- 13 Ibid., p. 91.
- 14 Ibid., p. 92.
- 15 Ibid., p. 95.
- 16 Ibid., p. 95.
- 17 Ibid., p. 95.

- 18 Peter E. Lloyd and Peter Dicken, Location in space : a theoretical approach to economic geography, (Harper & Row, New York, 1972) p. 131.
- 19 Ibid., p. 131.
- 20 Ibid., p. 131.
- 21 Ibid., p. 132.
- 22 Ibid., p. 130.
- 23 Ibid., p. 130.
- 24 Ibid., p. 133.
- 25 Ibid., p. 134.
- 26 R.B. Armstrong, The Office Industry, Patterns of Growth and Location, (The MIT Press, Cambridge, Mass., 1972) P. 27.
- 27 Ibid., p. 27.
- 28 Ibid., p. 34.
- 29 Ibid., p. 36.
- 30 John Westaway, "Contact potential and the occupational structure of the British urban system, 1961-1966 : An Empirical Study," Regional Studies, 8, 1974, p. 57.
- 31 P. Lloyd and P. Dicken, 1972, p. 134.
- 32 Allan R. Pred, 1977, p. 25.
- 33 Statistics Canada " Manitoba Department of Labour - Annual Report, 1975.
- 34 Allan R. Pred, 1977, p. 25.
- 35 Ibid., p. 25.

- 36 J.B. Goddard, "Office linkages and location : a study of communications and spatial patterns in Central London," Progress in Planning, Vol 1, Part 2, 1973 (Pergamon Press) P. 114.
- 37 Allan R. Pred, Major Job-Providing Organizations and Systems of Cities, (Association of American Geographers, Commission on College Geography Resource Paper No. 27, 1974) p. 4.
- 38 Ibid., p. 5.
Note : A conglomerate may be defined as a multifunctional business organization which has some production or service units that act neither as suppliers or consumers for the organization's primary production or service activities.
(from Pred 1977, p. 5.)
- 39 Ibid., p. 5.
- 40 Ibid., p. 6.
- 41 Ibid., p. 6.
- 42 Ibid., p. 7.
- 43 Note : Job numbers decreasing in production employment functions are due to technological improvements in that man's duties are being done by machine, and not due to a decrease in production itself.
- 44 Ibid., p. 7.
- 45 Allan R. Pred, 1977, p. 113.
- 46 Ibid., p. 116.
- 47 Allan R. Pred, 1974, p. 11.
- 48 Ibid., p. 12.
- 49 P. Lloyd and P. Dicken, 1972, p. 137.
- 50 Allan R. Pred, 1977, p. 19.

- 51 Ibid., p. 23.
- 52 Ibid., p. 24.
- 53 Allan R. Pred, 1974, p. 12.
- 54 Ibid., p. 12.
- 55 Allan R. Pred, 1977, p. 23.
- 56 Ibid., p. 22.
- 57 Ibid., p. 22.
- 58 P. Lloyd and P. Dicken, 1972, p. 136.
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- 61 P. Lloyd and P. Dicken, 1972, p. 138.
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- 63 Hugh Krall, "Offices : The issue restated," Built Environment, 1 (7), 1972, p. 468.
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CHAPTER THREE

OFFICE CLUSTERING IN WINNIPEG

INTRODUCTION

"It has been suggested that offices are not necessary and that all the work done in them of a contemplative or considerative nature could as well be done at home, that modern communications make face-to-face contact unnecessary, and that business machines make routine accounting uneconomic."¹ This is a fallacy, because we need to work, and we are stimulated by contact. "The subtlety and depth of face-to-face contact is unmatched by teleconferences and video telephones."² Centralization allows for improved communication and thus organizations can be more efficient. These cities provide choice and opportunity, and with the great concentration of business organizations, agglomeration economies accrue. Due to the desire to concentrate in the larger urban centres, office rents and land values are usually artificial, depending on the densities accepted in each city.

Office buildings have become success symbols. This tends to suggest that those who contemplate an office building project, may be influenced by the grandeur of the situation, and not the supply-demand factors. "To achieve a project which has a reasonable probability of success, patient,

tedious, accurate research and unprejudiced interpretation of the data brought forward by that research is a necessary first step."³

Despite the great investment, many large office complexes today are not profitable. Corporations build to feed their ego and not to fill the office with tenants. "No other area of the real estate market produces this particularly virulent form of distemper on such a grand scale."⁴

This corporate ego also creates dysfunctional buildings, arbitrary location, and unnecessary office space. These "developers cannot be condemned to an asylum for persons suffering from dangerous real estate ideas."⁵ What occurs is that a rational analysis of the office demand is not strictly adhered to, and that developers tend to fabricate their own statistics substantiating how they see the need for office space to be. "I am a developer," he says to himself. "Therefore I must build."⁶

Objectivity is obviously lost. Subjective interpretations of feasibility studies tend to influence developers to build even if recommendations say they should not. Consultants who realize this should then not tell developers not to build because they will build anyway, but they should advise him of those factors which will increase the project's probability of success, such as, "timing, major competitors, marketing strategy, tenant orientation and other market-design considerations."⁷

Before the office is built, the demand and supply market must be studied. Where will these tenants come from? It

must be realized that tenants will not move out of their normal market area. Also those tenants already established will not necessarily move to newer office buildings if the opportunity arises. The tenants are usually functioning in well established commuting patterns, and social habits and expectations, and have no desire to uproot themselves. This is not always the case however, and some tenants do want to upgrade their office environment.

In general there are five types of office space: major institutional, general commercial, medical/dental, quasi-industrial, and pure industrial. Major institutional offices such as financial offices are located in the best areas. General commercial office buildings are those which house tenants with strong sales orientation thus requiring convenient access to automobile transportation. These buildings are not as large as those associated with the major institutional offices and "their address is of less importance than such factors as transportation orientation and the relationship of office space to parking areas."⁸ The third type of office cluster is the medical/dental office. The fourth is the quasi-industrial office building which is more commercial than industrial, however it does require industrial zoning. It is usually a better grade of industrial park. The final office type is that of the pure industrial office space which is part of a major industrial building complex.

"Of these five categories only the first two constitute the heart of the true office building market."⁹ Different types of major institutional and general commercial office

functions demand different office size, quality, amenities and rental charges, thus agglomeration economies are affected by what these functions desire and can afford, and not just by the information linkages and contacts required. One final use of office space is used by people dealing in business services demanded by these major institutional and general commercial office needs. To illustrate the demand for office space and the increasing proportion of office employment, it has been calculated that 83 per cent of the jobs in finance, insurance and real estate are predominantly keyed to office space use, and that fifteen to 25 per cent of all new employment growth has an office space employment composition.¹⁰

THE FUNCTION OF OFFICE LINKAGES AND AGGLOMERATION ECONOMIES

Now that we have established the need for office space and the poor understanding of how to fulfil this need, we will examine how others have attempted to comprehend the function of office linkages and agglomeration economies through conducting empirical studies. These studies in particular, deal basically with communication linkages and how clustering creates economies of scale and thus determines office demand. It is up to developers to objectively interpret such studies to rationally determine the office needs.

As alluded to earlier, emphasis is on human/human communications. Within or between offices, there is a wide range of communicators from "clerks, typists, and secretaries,

to managers and directors. It is common experience that, although they all occupy the same adapted space, by no means do all communicate with each other, and if they do, it may not be on a human/human, face-to-face basis but by another media,"¹¹ such as letters, memos, telex, telephone, teleconference systems, videophone or confra-vision. Communication can be formal or informal. It may occur within the same work group, or on a vertical scale, with instructions moving downward and information moving up.¹² It is essential to the effective functioning of the office, that communication is mobile, which means that offices can easily generate and sustain internal and external communications,¹³ and this can best be done in close proximity to their external contacts. In order to measure the extent of these internal and external contacts, the use of the self-recording contact sheet has become common place. Here, the organizations' communicators keep a diary of contacts made on the job. One such study which is relevant to this discussion is Mary Stewart's research into how managers spend their time. "Contact diaries revealed that managers spent on average 36 per cent of their time doing paper work; that fifty per cent of their time was taken up in discussion; and that of this discussion time, fifty per cent was informal discussion, seven per cent pre-arranged group/committee discussion, six per cent telephone, and four per cent social activity."¹⁴ This illustrates the importance of communication in office functions. This growing importance of information flows, rather than commodity flows, determines an organization's degree of external economy

available in a location. John Goddard and Bertil Thorngren who are both researchers in the field of information flows and subsequent office linkages and location, both recognized this fact.

A study of external communication carried out by Bertil Thorngren discussed the occurrence of programmed contacts which are "generally made by telephone, concerned with few subject matters, requiring little feedback and involving only two communicators; planning contacts, arranged in advance, directly concerned with sales and purchases, requiring a certain amount of feedback and involving two communicators; and orientation contacts also arranged in advance, concerned with several subjects, requiring an above average degree of feedback, and involving a high proportion of first meetings between pairs of communicators."¹⁵ Thorngren found that programmed contacts represented seventy per cent of total communication, planning contacts represented 25 per cent of total communication and orientation contacts represented five per cent of the total. Thorngren suggested "that it is often through information flows with its economic environment that an office derives important external economies for the parent organization."¹⁶ Communication as a factor in office location is slowly decreasing with new videophones and confra-vision etc., however, the acceptability of new communication developments with regards to replacing face-to-face contact is not as easily adopted for external contacts as for internal.

OFFICE LOCATION SURVEYS

In connection with office communication and linkages, subsequent research has been done. In one survey done by the Location of Offices Bureau Survey in London, England, 34 per cent of businesses surveyed who were considering decentralization, decided against this because of the loss of personal contacts.¹⁷ "The opinions support office centralization and communication linkages and are further reinforced by the growing interdependence between different organizations."¹⁸ Many empirical studies have been carried out to substantiate the idea that office location is dependent on communication needs and agglomeration economies. In a discussion paper concerning office communication and office location carried out by J.B. Goddard, a review of current research done by T. Burns R.M. Lichtenberg, J.B. Goddard and J. Westaway were examined to illustrate the dependence of office location on communication linkages.

T. Burns

The first study is that of T. Burns (1957). He dealt with person to person communication. Burns found that managers spent between 42-80 per cent of their time internally or externally communicating. He also found that those firms whose managers spent more time in discussion, grew at a faster rate. The majority of this communication was in the form of face-to-face contact.¹⁹ Burns had also shown that "communication

plays an important role in locational choices, taking up a large part of an executive's time."²⁰ Person to person communication in the executive's time usage is essential to office growth and development.

R.M. Lichtenberg

In 1960, R.M. Lichtenberg conducted research on office clustering in Central New York. He saw it is a response to the need of office executives to be in close proximity to sources of information so that problems could be tackled and solved quickly and efficiently.²¹ Again it would seem that human/human contact is important in locational and operating decisions. To further substantiate this, Reid (1970) revealed that total information transfer works better face-to-face than on the phone because participants find it difficult to communicate for long periods of time on the phone,²² thus indicating the importance of office agglomeration economies and their dependence on information flow and linkages.

J.B. Goddard

A very extensive study was done by J.B. Goddard (1973). Goddard, in analyzing aggregate land-use patterns in London, identified office space as a key structural element. Goddard felt that "distinct patterns of localization are a response to functional linkages between different types of offices,

and these in turn lead to correspondingly structured patterns of movement within the centre."²³ Communication must be easy between customers and suppliers and evolve in complex structured communication networks. Some connections are much more pronounced than others and these strong contacts are the basis of complex office subsystems.

To begin his study, Goddard analyzed the location of different categories of office employment in Central London, and particular areas of concentration and specialization were identified. It was also possible to see how far employment of each type co-varied spatially with employment of other types and so isolate activities with similar patterns of locational association.²⁴ Functional association can only be inferred in such studies, and spatial associations do not necessarily imply linkages.

Following this part of the study, Goddard attempted to measure the "pattern of personal contact through meetings and telephone calls between offices in Central London."²⁵ A special contact diary was designed for this purpose. The information was used to establish a contact network and the strength of these linkages, "and particularly how far the pattern of locational groupings correspond to sets of functionally linked offices."²⁶ These linkage demands as they exist today however are not necessarily the best indicators of future development plans due to the changes in communication technology. It is possible that with technological developments, some degree of the human aspect of the office industry could be replaced by machine as has

been the case in manufacturing industries. It is unlikely however that face-to-face contact will be replaced in its entirety and therefore will be a factor in office location for some time to come.

The results of the office employment structure in Central London showed that there was a very high concentration of office jobs, especially those in financial and professional services, and a decline in the concentration of clerical employment especially in the administrative offices of manufacturing firms.²⁷ The decline can be attributed to office decentralization, thus showing that the function of communication networks are not so essential to the function of those firms as opposed to the financial and professional services. "The data confirmed the importance of insurance, banking and finance and professional services in the office employment structure of Central London; these categories together accounting for one-third of all office jobs."²⁸

In the city centre, the typical cluster of business is characterized by a diversity of different businesses, each deriving external economies from each other. Cluster analysis and principal component analysis was used to identify sets of offices with similar patterns of location. Interestingly, many office functions showed a high degree of dispersion. "This is because these categories are relatively large employers (professional and scientific services, and financial services) and so tend to dominate the employment structure wherever they are located."²⁹ A few strong associations were found; publishing was associated with business services like adver-

tizing; transport and communication activities were associated with aspects of trading, including commodity dealing and insurance underwriting; while insurance was associated with banking; which in turn was linked to stockbroking and accounting.³⁰

By using cluster analysis a number of groups appeared. Advertizing was associated with publishing and public relations, and legal services with insurance companies. Principal components analysis showed an association between management consultants, advertizing agencies and public relation consultants. Another cluster appeared which included central banking, insurance companies, stockbroking, accounting and legal services. All of these groups are however not independent, but are interrelated at a higher level.

To conclude, it has been determined that similar groupings of employment types emerge at all scales of analysis. There are a number of fundamental office complexes. The bulk of the office employment that makes up these complexes is highly organized and localized in the city.

"The analysis of spatial linkages raises all sorts of questions concerning the functional significance of office clusters - such as whether employment of the same kind as that located within a cluster can be regarded as functionally related to the cluster as a whole. But the basic issue is how far patterns of spatial association that have been identified in this analysis can be regarded as reflecting strong functional linkages, particularly in the form of information transmitted through personal contact."³¹

The second part of Goddard's study dealt with office communication patterns and how these linkages are reflected in spatial proximity. "In this analysis, information flows through personal contacts by telephone, and face-to-face meetings are taken as indicators of functional relationships."³² Various methods of measurement are available. Goddard chose to use the contact diary initially utilized by Thorngren (1967). Thorngren's study showed that after three days of recording contacts, participants lost interest and thus the reliability of the information decreased. For this reason, Goddard restricted his recording time to three days.

"Because of the proven reliability of the single contact record sheet form adopted by Thorngren, a very similar diary was designed for this survey."³³ A contact record sheet was made for telephone conversations and for meetings. (see Appendix One) A target of 300 sample firms was set. Only 225 of these firms however were approached. By the time the survey had to be wound up, businessmen from 72 firms had completed the diaries.³⁴

Within these firms, a sample of personnel to complete the diary had to be selected. External communications were to be sampled only. An attempt was made to sample all parts of the firm. To do so, at least two contact diaries were put in every separately identifiable organizational unit within the firm. 705 diaries were completed. Representation was not perfect, "nevertheless, the overall size and distribution of sampled establishments corresponds very well with the distribution of total employment.

(See Appendix Two for the size and sector distribution of firms cooperating in the survey of office communication.)

By compiling the results of the contact diaries (see Appendix Three) it was found that in Greater London as a whole, 77 per cent of the telephone calls and 79 per cent of the meetings were internal to the urban area,³⁶ illustrating that contact activity is highly concentrated in the central business district of London.

The importance of the central location was also evident in the time and mode of transportation to meetings. Seventy-eight per cent of the business trips took less than thirty minutes, and 75 per cent of all business trips generated in London took place on foot. This reflects the highly organized spatial structure of linked office activities.

Some characteristics of the contacts are as follows. These are concerned with ways to measure the importance and strength of functional linkages in general rather than culminating analysis on a statistical account of London's particular situation. Each city's statistics will vary to some degree, however the general overview of the results will not, and for this reason the following assertions will be made dealing with linkage, location, duration and frequency, number of participants, centrality of location, and finally travel and business trips factors.

Linkages

It was indicated that the more frequent the communication

between particular participants, the stronger their functional linkages.

Location

It was found that prearrangement of meetings can be used as a measure of urgency or importance of the subject matter.³⁷ Urgent matters usually crop up unexpectedly and demand unarranged contacts. Important meetings which need the senior personnel to attend, usually requires meetings arranged far in advance. It follows that the need for frequent contact and immediate communication, calls for a central location.

Duration and Frequency

An association has been found between the length of the meeting, the frequency, and how far in advance the meeting was arranged. Meetings concerned with giving orders are usually short, and concerned with one specific subject. Whereas longer meetings usually are arranged in advance and are concerned with important subject matter.

Number of Participants

Findings show that 93 to 94 per cent of the meetings lasting less than ten minutes involved only two persons whereas 85 to 86 per cent of the meetings involving more than five people lasted over two hours.³⁸ The short meetings

usually involved orders or advice, while longer meetings involved information exchange or decision making.

Centrality and Location

A fifth generalization deals with the centrality of contact location. "Unarranged meetings are more likely to be with firms in Central London than meetings arranged a long time in advance."³⁹ The length of a meeting is also related to location, with 78 to eighty per cent of the meetings lasting less than thirty minutes being with other firms in Central London compared with 56 per cent of meetings lasting over two hours.

Travel and Business Trips

The final association deals with meetings involving travel and the modes of travel. There is an obvious connection between mode of travel and the length of the business trip. It was found that daily contacts with the trip lasting less than ten minutes took place by foot or taxi, and that trips lasting over an hour are less occasional, and usually take place by car or train; unarranged meetings are more likely to be short and on foot, or by taxi, and rail journeys are more likely to be associated with meetings arranged well in advance.⁴⁰ There is therefore a highly significant association between prearrangement of contact, mode of travel and length of journey. There is also a significant tie

between mode of travel, length of journey and length of meeting.⁴²

Of these contacts, those involving the orientation process and the planning process, require actual face-to-face contacts and are not suited to telecommunication whereas, programmed processes are. This is because orientation and planning contacts require feedback whereas programmed contact does not. All forms of contact have different environmental demands. "While orientation processes demand a very rich and diverse environment in terms of potential contact opportunities, this diversity is not so essential for the purpose of planning and of programmed activities."⁴²

It is evident that programmed contacts are the majority of contacts, and can be replaced by telecommunication devices. However, although orientation contacts make up a small percentage of total contacts, their value lies in the fact that face-to-face contact is available and this provides a more favorable business climate. It is these contacts which promote business, growth and employment, and therefore city-system development. Telecommunication developments are more likely to have "the greatest impact on communication between dispersed parts of large organizations and not the inter-organizations' links that have been the focus of this study."⁴³ From this study the interdependencies within certain sectors of the office industry is evident as well as the need for centrality and clustering in order to carry out essential business communication for gathering specialized information

as well as decision making processes. These factors must be taken into consideration when new office facilities or developments are encouraged.

John Westaway

A second major study to be looked at involving contact potential and the occupational structure is that by John Westaway (1974). (This is a regional study of Great Britain.) Westaway maintains that locational advantage is associated with information availability and thus with large metropolitan complexes. Information flows influence the behaviour of firms, "especially in so far as they encourage the agglomeration contact-intensive functions."⁴⁴ Firms operate as a positive function of information flows and this could provide a key to regional development. Firms deprived of orientation and planning contacts cannot be expected to grow in environments of low level functions.⁴⁵

In Westaway's study he investigated the spatial distribution of occupations in Britain. Three major occupational groups were defined; professional/managerial and administrative, which were expected to have increased contact with high level firms, and manual which was to have a decreased need for contact. Westaway was looking for changes in the spatial distribution of occupations from 1961 to 1966.

The study showed that in 1961 there was a high level of professional and management jobs concentrated in the South East, and a low level of these jobs concentrated in the de-

pressed regions. By 1966, those areas already with a high number of high level jobs increased their share of job growth. Again, the South East showed a "higher than average share of professional and management occupations,"⁴⁶ than elsewhere. This would tend to show a clustering effect as was illustrated by Goddard's work.

With regards to the administrative occupations, these were found to be associated with the professional and management jobs. Again, a high level of these occupations occurred in the South East, while very few occurred in the depressed regions. Through the years 1961 to 1966 however, there was a massive shift of administrative jobs away from the larger cities, due to the British Government's decentralization policies. This indicated that it is possible to stretch the linkages between administration functions and the professional and management occupations.

The final occupation that Westaway looked at was that of production, or manual occupations. He initially found that these jobs were more evenly distributed than the others, however there was some concentration in the older industrial centres as opposed to the South East cities and the cities in rural areas. Again, as with the administrative jobs, decentralization policies move production jobs to the peripheral areas. Thus indicating that linkages between production industries are not as strong as those between professional and management firms.

In addition to the three major occupational structures, the location of head offices was studied. There should be

a connection between the distribution of professional and management and administration occupations and the distribution of head offices because those employment categories compose head office employees. Of these two groups, professional and management occupations are most important because the head office is mainly concerned with the orientation processes. Westaway's study showed that, head offices tended to be located mostly in London (532 of 1000) and those cities with over one million (222 of 468).⁴⁷ He found that the larger the firm, the more likely the head office to be located in London, where 86 out of the largest 100 firms were located.⁴⁸ It appears, that control units locate in London because the information demands are best met there. The operating units on the other hand tend to locate elsewhere because there is less need for face-to-face contact and therefore fewer locational constraints. Decentralization policies are most effective in these situations.

Westaway's study took place on a regional basis and thus was much more general than Goddard's, however both research endeavors indicated the need for centrality and information linkages to effectively operate professional and management occupations. Agglomeration economies and face-to-face contacts are characteristic of these occupations.

WINNIPEG : EMPIRICAL EVIDENCE OF OFFICE CLUSTERING

Introduction

Winnipeg's urban office community will be examined and an overall view of the city's downtown area with respect to office location and clustering, presented. The data resulting from research on Winnipeg will then be compared to the first part of Goddard's study (1973), to provide support for the statement that Winnipeg has a mature office infrastructure. If clustering of activities is pronounced, it is possible that linkages and agglomeration economies are operating in conjunction. The office types located in each building in the downtown area as well as the rent per square foot paid by each office were the two forms of data collected. The moot-point is that office types paying similar rents will be located in the same buildings and that these buildings will be clustered. Evidence of this type of clustering within office buildings and among them, could be construed to be caused by essential office linkages and agglomeration economies. The first part of the research examines office use and rental charges.

The Findings

From the statistics concerning rental charge per square foot of each office space in the downtown area, as contained in the Office Premise Survey issued by Winnipeg

City Planning in 1975, it was calculated in order of magnitude that the number of particular types of offices and the rent per square foot is as follows;

<u>Office Type</u>	<u>Number of Offices</u>	<u>Rent/Square Ft.</u>
barrister and solicitors	105	.4434¢
manufacturer agents	99	.2631¢
insurance offices	93	.5134¢
stock brokers	66	.5033¢
accounting firms	43	.4365¢
real estate firms	25	.4048¢
banks	18	.6639¢
loan and finance firms	15	.5273¢
business consultants	14	.4564¢
architectural firms	13	.3085¢
trust companies	9	.5078¢
advertizing or public relations	6	.4567¢

It would appear that those firms, willing to pay the higher rent fees, will likely be closely related in location. This is due to the fact that they benefit from information linkages and face-to-face contact and thus will pay more to be close to each other and to the centre of these information flows, because as discussed in the previous chapter, information flows are spatially biased. The first group which appears to be connected is that of banks, loan companies, insurance companies, trust companies and stock brokers. These establish in prominent buildings, pay high rent fees and share a common characteristic, they all deal in money or commodity transactions. There thus would appear to be some

agglomeration economies gained by clustering and exchanging information. Goddard also found the same cluster, only his included accounting services and legal services. This may be shown in the later analysis, but by strict evaluation of rental charge, barristers and accountants pay considerably less rent per square foot thus it seems that they are located in other buildings, not so central.

It is the second group of office firms which contain barristers, accountants, advertizing and public relations firms, business consultants and real estate agencies. These firms pay approximately the same rent and thus it would appear that they are located in the same office type and perhaps have functional linkages. Central location does not appear to be so essential to these firms, thus they do not pay the higher rental fees. Goddard's work, which showed management consultants, advertizing and public relations firms to be related also illustrated that barristers and accountants are somewhat dependent on both groups and cannot be classified in either and appear to be shared.

The final group is that of architectural firms, consulting engineers and manufacturer agents. These are not functionally connected however they do all pay very low rental charges. This suggests that they are more independent than the other firms, and do not require a central location for information exchange or economies of scale.

Overall, as with Goddard's study, it is the financial firms who appear to employ the most office space. In the downtown area alone, group one had 201 offices.

The next step was to classify each building as to what office types were tenants. As expected, insurance companies, brokers, loan and finance companies, trust companies and banks were in many cases located in the same office building. Examples of these building types are; The Investors Building, 280 Broadway; The Merchantile Bank Building, 305 Broadway; The Monarch Life Building, 333 Broadway; The Premier Life Building, 360 Broadway; and the Grain Exchange Building, 167 Lombard. As an example of the composition of these Buildings, The Investor's Building's tenants will be cited:

Investors Group Trust Company
Royal Bank of Canada
Investors Syndicate Realty Ltd.
Western Savings and Loan
Wood Gundy Limited (investment dealers)
Ames and Company Ltd. (stock brokers)
Investors Japanese Growth Fund Ltd.
Investors Mutual of Canada
Investors Growth Fund of Canada Ltd.
Investors International Mutual Fund Ltd.
Provident Mutual Fund Ltd.
Provident Stock Fund Ltd.
Investors Securities
Investors Syndicate Ltd. Mutual Funds

Average rent per square foot = .46¢

The average rent per square foot of these buildings were high; Investors was .46¢; Merchantile Bank Building was .5871¢; Premier Life Building was .4950¢; Monarch Life was .6283¢ and the Grain Exchange Building was .4485¢.

Again it appears that these firms gain external economies

by locating in the same buildings. The linkages must be important, because they are willing to pay higher rental fees to locate in the downtown area and close to each other.

The second group with similar rental fees, also are located in the same buildings. Examples of these building types are; the Lindsay Office Building at 228 Notre Dame, rent per square foot being .3042¢; and 213 Notre Dame, rent per square foot being .4313¢. In many cases, barristers and accountants could be found in group one and two. For example, the composition of the Lindsay offices is cited:

Dallas Enterprizes Ltd.
Jurvasky Sharge Bass and Arenson (barristers)
Alcoholic Family Services
Leggo Gordon Ltd. (insurance and real estate)
Robinson, Robert S. (barrister)
Nusgart, D.M. (barrister)
Friesen, David and Associates (barrister)
Bannerman and Associates Ltd. (insurance adjustors)
Fire Insurance Co. of Canada
New Bound & Co. (chartered accountants)
Pear Assurance Co. Ltd.
Mac Donald Agencies Ltd. (insurance)
Parkland Investments Ltd.
Superior Builders Ltd. (real estate)
Buckingham and Co. (public accountants)
Pitfield Mackay Ross and Co. (investment)
Manitoba Forestry Resources
General Accident Assurance Co. of Canada
P.S. Ross & Partners (management consultants)
Touche Ross and Co. (chartered accountants)
Crosier Greenberg & Partners (consulting engineers)

Average rent per square foot = .3042¢

The third group, is that of manufacturing agents, architects and such related firms. These too appeared to locate in the same office type, but not necessarily the same building. These firms do not seem to be dependent on any others, with the exception of the construction related firms. Examples of these buildings are; the Donalda office block, the rent being .2609¢; the Bell Block, 370 Donald, the rent being .2161¢; the Maltese Cross Building, 66 King Street, the rent being .1669¢, and 63 Albert, the rent being .2295¢. For an example of the composition of these buildings, 63 Albert will be cited:

Berni Agencies Ltd.

Wally Vernin Agency

Sam Arenson Agencies

Hammond Building Office

Bata Shoe Co. Factory Samples

Murray Belkin Agencies Ltd.

Neil Briggs Agencies

L.J. Lesk Agencies

etc.

Average rent per square foot = .2295¢

Besides these three major groups, a fourth group appeared, that being the medical and dental office buildings. These, however, will not be dealt with because they do not have to do with any real growth transmitting information linkages or agglomeration economies which would affect Winnipeg's output unless of course if Winnipeg was a medical research

centre.

Summary

Overall, what seems to occur is that group one seems to cluster due to interdependencies within the group; group two is less interdependent, however together they appear as a group. Group two has both functional linkages within the group and with group one. Group three, are independent and do not require a central location in the midst of information flows, thus they locate in a lower rental area.

As one can see, so far findings on Winnipeg resembles those of Goddard's. It would seem to follow that further research into office building clustering would show that linkages and agglomeration economies must be present, to account for this locational attribute. Broadway Street demonstrates spatial concentration of financial institutions. The average rent per square foot of this office type is as expected, very high, .5552¢. It could be speculated therefore that the financial offices cluster, and pay higher rental fees, to locate in close proximity, in the midst of the information flow. Thus they operate to accrue agglomeration economies.

It would appear that Winnipeg's office industry is experiencing functional office linkages in a manner comparable to those existing in London, England. London, which already is so developed in the area of office firms, can at this point in its development, afford to decentralize offices

to peripheral areas of the country to encourage economic development and growth in British problem areas. Due to the fact that Winnipeg's office linkages and clustering parallel those of London's, it may be surmised that Winnipeg too has a mature developed nucleus of office industries in the downtown area. It would follow that the infrastructure demanded for supporting office firms is in existence and that the promotion of growth and development of business in the city of Winnipeg could be substantially increased if an attempt is made to expand and attract office firms to the city.

The following chapter will discuss how the office community in downtown Winnipeg is perceived by its tenants with regards to its economic and social character.

FOOTNOTES : CHAPTER THREE

- 1 Hugh Krall, "Offices : The issue restated," (Built Environment, 1 (7), 1972) p. 468.
Note : The issue of whether office functions are necessary or not is very subjective and either side of the arguement could have been taken. However, it is the author's ascertainment that people indeed need work and the communication with other people that comes with it, therefore it is felt that the office functions will not become obsolete and that face-to-face contact will remain an integral part of business.
- 2 Ibid., p. 468.
- 3 Charles J. Detoy and Sol L. Rabin, "Office Space : Calculating the Demand," (Urban Land Use, 31 (6), 1972) p. 4.
- 4 Ibid., p. 4.
- 5 Ibid., p. 4.
- 6 Ibid., p. 4.
- 7 Ibid., p. 5.
- 8 Ibid., p. 5.
- 9 Ibid., p. 5.
- 10 Ibid., p. 10.
- 11 Alec Custerson, "Office Node," (Built Environment, 2 (11), 1973) p. 647.
- 12 Ibid., p. 647.
- 13 Ibid., p. 647.

- 14 Ibid., p. 647. From Mary Stewart, Managers and Their Jobs, Chapter 2, Pan Piper.
- 15 Bertil Thorngren, "How do contact systems affect regional development?" (Environment and Planning, Vol. 2, 1970)
- 16 J.B. Goddard, "Office Communications, and Office Location : A Review of Current Research," (Regional Studies 5, 1971) p. 263.
Also of relevance is, G. Tornqvist, "Contact Systems and Regional Development, Lund Studies in Geography, Series B, No 35. Gleerup, Lund, 1970.
- 17 Ibid., p. 264.
- 18 Ibid., p. 264.
- 19 Ibid., p. 265.
- 20 John Fernie, "Office Linkages and Location : An Evaluation of Patterns in Three Cities, " (Town Planning Review, 48 (1) 1977) p. 78.
- 21 Ibid., p. 79.
- 22 J.B. Goddard, 1971, p. 266.
- 23 J.B. Goddard, "Office linkages and location : a study of communications and spatial patterns in Central London," Progress in Planning, Vol 1, Part 2 (Pergamon Press, 1973) p. 111.
- 24 Ibid., p. 114.
- 25 Ibid., p. 115.
- 26 Ibid., p. 115.
- 27 Ibid., p. 121.
- 28 Ibid., p. 127.

- 29 Ibid., p. 131.
- 30 Ibid., p. 141.
- 31 Ibid., p. 152.
- 32 Ibid., p. 153.
- 33 Ibid., p. 155.
- 34 Ibid., p. 157.
- 35 Ibid., p. 159.
- 36 Ibid., p. 162.
- 37 Ibid., p. 187.
- 38 Ibid., p. 188.
- 39 Ibid., p. 189.
- 40 Ibid., p. 189.
- 41 Ibid., p. 189.
- 42 Ibid., p. 192.
- 43 Ibid., p. 213.
- 44 John Westaway, "Contact Potential and the Occupational Structure of the British Urban System," (Regional Studies 8, 1974) p. 58.
- 45 Ibid., p. 58.
- 46 Ibid., p. 59.
- 47 Ibid., p. 67.
- 48 Ibid., p. 71.

CHAPTER FOUR

DISCUSSION OF THE SURVEY AND ITS RESULTS

INTRODUCTION

There is a definite concern in Winnipeg expressed by both private citizens and the business community, as to where the city is headed in terms of its economy and social structure, and how growth and development in the business sector can be stimulated in the interests of the community. As suggested earlier, both the manufacturing sector as well as the office industry are important components of economic development. The majority of federal government grants however have been allocated to manufacturing firms. In order to create a balanced economy, the office industry also should be encouraged to grow and develop in Winnipeg due to the fact that manufacturing and office industries complement each other's needs. At the presenttime most emphasis on growth and development schemes is placed on the inducement of industrial firms to locate and hence, research on the office sector of Winnipeg has been lacking.¹

It is pertinent to determine and comprehend exactly where Winnipeg stands in the eye of the business community it supports. This is necessary so that at the opportune

moment new business can be solicited and established firms encouraged to expand, by the responsible authorities who will have the knowledge of how those in the office sector perceive the positive and negative aspects concerning a downtown office location. Relevant factors influencing locational decisions to be discussed will be those concerning; (1) employment with emphasis being placed on the adequacy of Manitoba's educational system and employee productivity, (2) the business atmosphere of Winnipeg and how it affects location decisions, (3) agglomeration identification (office clustering), (4) government assistance and expansion in the encouragement of office firms to locate or expand in Winnipeg, (5) office expenses with emphasis being placed on transportation and communication, local operating costs and lifestyle factors.

HYPOTHESIS

It is hypothesized that the downtown area of the city of Winnipeg is a feasible alternative in the locational decisions of those in a position to determine where office business will establish. Also, in conjunction with government economic policy pertaining to office development and infrastructure improvement, the image of Winnipeg as a possible alternative for office location may be further improved.

The positive and negative aspects of a Winnipeg location may be determined by evaluating survey results.

The city's marketable characteristics can be promoted and not so advantageous tendencies improved. In consequence offices are induced to locate in Winnipeg and existing office infrastructure is subsequently improved for the benefit of existing firms also.

MATRIX

The physical framework within which the research is conducted is downtown Winnipeg. The area was previously classified in the Business Premise Study done by the City of Winnipeg in 1975. The boundaries for this area are: the north side of Assiniboine Avenue on the south; east of Memorial Boulevard on the west; both sides of Notre Dame to the north, and both sides of Main Street to the east. One particular office outside of this zone, that of Great West Life on Osborne Street, was included in this survey due to its close proximity and size. Within these boundaries, office businesses with the following functions were used: barristers and solicitors, manufacturers agents, insurance firms, stock brokerage firms, accounting firms, real estate firms, banks, loan and finance companies, business consultants, architectural firms, trust companies, advertizing firms, construction and engineering firms, business services and miscellaneous firms. These office types were derived from the Business Premise Study with the exception of the office service, construction and engineering firms, and miscellaneous types which were classified by J.B. Goddard

(1971) in his analysis of office linkages in London. These firms are the core of the downtown business community and employ great numbers of personnel trained at the college and vocational school levels.

THE SURVEY

The questionnaire itself was designed to obtain information from the office sector on location factors which were relevant to present day locational decision making. It was the purpose of the survey to define what were the positive and negative aspects of an office location in Downtown Winnipeg. The questionnaire was designed (see Appendix Four) so that as little written response as possible, was required without losing the main aim of the survey. Most questions were in the form of one word answers and semantic differential scales of five, to eliminate some subjectivity and reduce time required to complete the questionnaire due to the fact that long answer questions seem to require too much effort and the respondent does not wish to spend the time filling out the survey. This also simplifies the compilation of results. Some longer more indepth answers were included to allow the respondents to fill in any gaps which the short answers did not cover.

The questionnaire consisted of four major sections. These were, firstly an employee identification and education section aimed at determining qualification of oc-

cupational types for employment, ie., how are they hired, are employers satisfied with the efforts of the employee, and do they command a wage rate comparable to productivity. The strengths and weaknesses of the city's office labour supply would be ascertained through the evaluation of the results of the questionnaire.

A second section consisted of questions determining office clustering and agglomeration economies. It was decided that it would be possible to determine why offices chose their particular location by asking about information, data and communication requirements. By evaluating these results, further office business could be encouraged to locate by marketing whatever agglomeration economies occurred in the downtown area.

The third section deals with the business atmosphere of the city. Questions pertained to satisfaction or dissatisfaction with the present government's created business atmosphere², and its effect on firm's locational decisions. This line of study was followed by questions on government assistance such as, which, if any, government assistance do particular firms take advantage of, and what incentives would be useful to encourage office expansion or the location of new office business. To further this research, questions pertaining to voids in the present office infrastructure were put forth. The intent here was to determine which office functions were lacking in Winnipeg and how could they be encouraged to locate here.

The final section of the questionnaire, dealt with

lifestyle factors such as housing, education etc., and was followed by a summary.

THE SURVEY SAMPLE

The survey was mailed to the respondent so that a greater number of office firms could be contacted in a limited time period. By referring to the 1975 Business Premise Study of Downtown Winnipeg, a fairly accurate account of the number of offices of particular functions was derived.

The sampling procedure for this survey undertaken was stratified random. A representative cross section of each office function was determined and sampled. According to the Business Premise Survey in 1975, the number of the previously cited office functions that existed were as follows:

barristers	105	banks	18
manufacturers agents	99	loan & finance companies	15
insurance firms	93	business consulting firms	14
brokerage firms	66	architectural firms	13
accounting firms	43	trust companies	9
real estate firms	25	advertizing firms	6

By using this information the percentage of each office type to be surveyed was calculated. (New firms have established since 1975 and therefore some categories have more firms surveyed in 1979 than existed in 1975.) It was decided that those office functions creating a higher percentage

of employment and which are more prone to growth tendencies had a greater percentage surveyed than those without (such as the manufacturers agents and barristers.) Those office types of which a large number existed, were sampled more sparingly than those in short supply, owing to the fact that if only say twenty per cent were taken across the board, in the case of advertizing firms, only one would be surveyed, and who is to say that this firm's response is representative of the remainder of advertizing offices. It would be possible that this firm could be unique. What occurred then, was that once the number of firms in a particular office type reached a low number, a much greater percentage of firms were surveyed. The general overview of those offices surveyed is as follows:

<u>*CODE #</u>	<u>OFFICE TYPE</u>	<u># OF FIRMS IN 1975</u>		<u># OF FIRMS SURVEYED</u>	<u>% OF FIRMS SURVEYED</u>
1	barristers	105		10	10.7%
2	manufacturers.. agent	99		16	16.6
3	insurance firms	93		29	31.8
4	stock borkerage firms	66		26	40.0
5	accounting firms	43		19	44.0
6	real estate firms	25		12	48.0
7	banks	18		12	48.0
9	finance & loan companies	15	+3	18	100.0
10	business consulting firms	14	+5	19	100.0
11	architectural firms	7	+6	13	100.0
12	trust companies	8	+1	9	100.0
13	advertizing firms	6	+4	10	100.0
14	office service firms			23	
15	miscellaneous			23	
16	construction & engineering firms			15	

* The code number was placed on the survey, along with one identifying the name of the company surveyed. This gave the identity of the firm replying to the survey, while at the same time keeping the information confidential.

The questionnaire was mailed to the respondent with a stamped self-addressed return envelope to facilitate and encourage response in June of 1979. The day prior to the mailing of the survey, an article was published in the Winnipeg Tribune in the Business Section. This followed an interview held the previous day between myself, and Mr. Harry Marden, Business Editor. The discussion was concerned with my thesis research and the article subsequently published, proved to be helpful in that it introduced my thesis work to the business community and directly preceded the reception of the survey (see Appendix Five).

The return was as follows:

<u>CODE #</u>	<u>OFFICE TYPE</u>	<u># OF FIRMS SURVEYED</u>	<u># OF FIRMS REPLYING</u>	<u>RESPONSE %</u>
1	barristers	10	1	10.00%
2	manufacturers agents	16	5	31.25
3	insurance firms	29	13	44.80
4	stock brokerage firms	26	9	34.60
5	accounting firms	19	3	15.78
6	real estate firms	12	7	58.33
7	banks	12	3	25.00
9	loan and finance companies	18	8	44.40
10	business consultants	19	6	31.60
11	architectural firms	7	2	28.60
12	trust companies	8	4	50.00
13	advertizing firms	10	5	50.00
14	office services	23	2	8.70
15	miscellaneous firms	23	7	30.40
16	construction & engineering	15	3	20.00

A thirty per cent return resulted and a good representation achieved (with the exception of the categories dealing with accounting firms and office service firms). The validity of the survey will be discussed later in Chapter Five.

Subsequent discussion will deal with the results of the survey beginning with the basic requirements of any business which is looking for a location once its market has been established, that of labour supply, followed by a discussion of the business atmosphere, office clustering in the downtown area, government assistance programs and finally office expenses experienced in Winnipeg.

FOOTNOTES : CHAPTER FOUR

- 1 At the outset of my thesis work I attempted to get the new Chamber of Commerce executive Mr. H. Fredericks interested in my research. However at that time, he told me that the Development Board was only interested in the manufacturing sector of the economy and that they had no intentions of divesting their attention to the office sector. At the release of my survey in the summer of 1979 to my knowledge, no work of this type had been undertaken. However, two months following, The Fantus Report was published. This dealt with Winnipeg's office industry and was done so at a cost of approximately \$17,000.00. This report was commissioned by the same organization who gave me the impression that the office sector was not in their development plans. It is obvious that indeed the office industry is a growth mechanism as Winnipeg Business Development Inc. did see fit to research the situation and offer incentives to the office business of Winnipeg. However, I feel that by disregarding my research, and hiring an American firm to undertake the project, that this organization whose purpose it is to assist Manitoba's economy has perhaps gone astray.
- 2 It should be noted that the type of business surveyed was that of the office sector. These executives of such firms are traditionally conservative in their political thinking therefore it is no surprise that the majority feel favourably toward the present Conservative Government. This is not saying that if the manufacturing industry were surveyed that response would be different, it is only suggesting that a sample bias has occurred in this line of questioning.

CHAPTER FIVE

INTERPRETATION OF SURVEY RESULTS

EMPLOYEE IDENTIFICATION AND EDUCATION

Labour Supply

Labour supply is the first factor to be discussed which influences the location decision of office firms. Basically, in utilizing this factor, the educational preparation of employees in the office sector of the business community is being studied. In short, what, if any, are the deficiencies of the labour supply for office employment with regards to particular job functions? It is essential for business to have readily available to them an adequately trained or trainable labour source, as well as a sufficient stock of these workers from which to draw upon for temporary jobs. If such labour is not available, a constraint is imposed on office growth and development. Thus, labour supply is unquestionably a determining factor concerning decisions affecting the location of businesses. Moreover, indigenous labour supplies are much more convenient to recruit and economical to train than is the alternative of obtaining manpower from outside the bounds of the city.

According to the Fantus Report conducted in the fall of

1979, in co-operation with the Winnipeg Economic Development Board, Winnipeg has high unemployment rates especially within the ranks of office workers. Refer to Appendix Six for a fairly complete overview of labour availability in Winnipeg for office occupations. This year alone, Red River Community College's graduates in business studies will be as shown in Appendix Seven.

In addition to this there will be the graduates in key-punch and secretarial skills from Herzing Institute, Success/Angus Commercial College, the technical vocational high schools in Winnipeg as well as graduates of University of Manitoba and the University of Winnipeg. Combined, these new people graduating into the labour market, number in the thousands. It would appear then that a shortage of office labour is not a factor hindering Winnipeg's attractiveness to the office industry. However the quality of this labour force may indeed be.

It may also be pointed out, that in the Fantus Report, of the three major office firms interviewed, (insurance agency, banking institution and computerized reservation centre) turn over is low and that in all three cases, absenteeism is under three per cent. These are very attractive locational factors to office firms because training employees is costly in most cases, and an high turn over rate would tend to alarmingly boost operating costs. This is also true of a high absenteeism rate which would also serve to decrease productivity. According to three aforementioned sources in the Fantus Report, it would appear that Winnipeg office firms

have limited problems in this area.

In order to gain an overview of the office labour supply in Winnipeg, the following question was asked in the survey:

"Do you feel that Winnipeg has a good indigenous supply of key human resources necessary for economic growth and development?"

Of the 73 who replied to this question, the majority of those surveyed felt that the labour supply was adequate (92 per cent). Of those who replied negatively to this question, there was no relationship between the type of office function and the reply. Assuming that the response of the sample is indicative of the office industry as a whole in Winnipeg, it would be safe to say that overall, Winnipeg businessmen in the office sector felt that a good labour supply exists.

Quality of Office Labour

The survey obtained a more detailed study of labour supply as a locational factor by breaking down this aggregated category into specific determinant. The second question to be discussed is more detailed aspects of labour supply, and was directed at what the respondents perceive as constraints on growth and development in the office sector in the area of employment. The following question was asked:

"Please rank the following constraints on firm

size and growth, from the most important to least important, as they apply to your firm."

- _____ overall high wage rates
- _____ overall low worker productivity
- _____ overall poor attitude of workers
- _____ need to retrain staff due to inadequate education
- _____ limited supply of creative and innovative people in Winnipeg
- _____ limited supply of good managerial material
- _____ limited supply of skilled female workers

Not all of those surveyed replied to this question.

Some respondents commented that these factors really do not stop firms from growing or locating in particular areas, but are more of a hindrance to their 'operation.' In other cases, firms only choose to rank a few of the constraints which produced an irregular response in that some constraints were ranked more often than others.

All responses to each constraint were categorized according to the rankings. The number one ranking was given a value of seven, the number two ranking was given a value of six and so on down to the number seven ranking given the value of one. All values for each constraint were totalled and the constraints were ranked from highest total value to lowest, reflecting in order the most important to least important constraint.

Constraints

The most noted constraint on firm size and growth was

that of a "limited supply of creative and innovative people in Winnipeg." Insurance firms, advertizing firms, trust companies and loan and finance companies saw this as a particular problem. These are highly competitive business functions and must have creative and innovative people to market their service. Promotion is a key consideration of such firms because each firm in the different office types, offer comparable services. To illustrate this, of the four advertizing firms replying to this question, all four ranked this constraint as their number one problem. Also, of the six insurance firms who replied, all but one ranked this constraint in the top two categories.

The second most important constraint on business growth and development was that of "limited supply of good managerial material." As with the first constraint, most companies saw this as a major problem. Again, insurance firms, trust companies, loan and finance companies as well as advertizing firms ranked this as a high priority problem.

The third ranked constraint was that of "overall high wage rates." All business types saw high wages as a problem, however the priority of the constraint was distributed fairly evenly among categories of offices.

The next most significant constraint of firm growth is "the need to retrain staff due to inadequate education." It appears, that the insurance firms, stock brokerage firms, and financial institutions found it necessary to retrain employees. They do not indicate the aforementioned as being their worst problem, nevertheless the need to retrain staff is apparent

and no doubt the office must incur extra operating costs to do so.

The fifth constraint is that of "overall low worker productivity," as was with the high wage constraint, all office types saw this as a problem but not as a serious one.

The last two constraints were found to be of equal importance and were as follows, "overall poor attitude of workers," and "limited supply of skilled female workers." Both problems did not affect any business in particular and were of minor weight in the simple contrived index.

Reaffirming Previously Determined Constraints

To reaffirm the results of the previous question, the following was asked in the survey:

"Did you find it necessary to recruit staff from outside of the province of Manitoba? ___ YES ___ NO
If yes, please specify why."

The replies were grouped by office function. The following is the order in which the replies will be discussed; insurance companies, stock brokerage firms, finance and loan companies, management consulting firms and office service firms.

Insurance Firms

As with the constraint question, the problem of "lack of good managerial material," was cited by three separate firms.

One company complained about the fact that experienced staff is not available while another found it necessary to transfer trained secretarial staff from Edmonton to the Winnipeg office. These responses are in keeping with the previous question in that the insurance companies who replied to the survey, found it difficult to find adequately trained personnel as well as good managerial material.

Brokerage Firms

Three firms made it clear that good managerial material is hard to come by. One respondent commented that the university is like a production line and the students are not taught to think. The second most common deficiency in the Winnipeg labour force, is the lack of properly trained personnel. Some employment categories mentioned were that of sales, commodity broker/trader, traffic analyst and clerical-secretarial. To summarize, brokerage firms tend to need specially trained personnel and find it necessary to recruit from outside of Manitoba. Also it appears that qualified managerial material is in short supply.

Finance and Loan Companies

Again, the problem of lack of local personnel qualified for managerial positions as well as the necessity to retrain personnel reappear. In addition to this however, it was pointed out, that wages were too high, and that in Canada we

are overpaying for the productivity in relation to other countries with regards to secretarial, managerial accounting, controllers and loan officer positions. One further complaint of a respondent was that the workers had a poor attitude.

Management Consultants

The management consultant who replied felt that the need for specially trained personnel existed in the business.

Trust Companies

The trust companies had a similar complaint to that of the loan and finance companies, namely a lack of managerial material existed.

Advertisizing Firms

The problem here lies in the fact that qualified trained people are not available in Winnipeg for the advertizing business to recruit from. The types of employment openings which are difficult to fill from Winnipeg's available office labour supply are that of media specialists such as media buyers, client contact personnel, creative/production/publication people, creative directors and accountant executives. One respondent commented that there is no real pool of experienced trained people available while another suggested that recruiting is done in Eastern Canada where more experienced

people are available.

Office Services

These businesses are very specialized and demand a complementary labour supply. Positions requiring marketing experience in particular, are difficult to fill, without recruiting from outside of Manitoba. One firm found it unavoidably necessary to attract people to Winnipeg to be placed in positions requiring programmers and systems engineers. Again as in most other cases, managerial material is lacking.

Summary

Overall these results coincide with those of the previous questions ranking growth constraints. Three of the top four growth constraints recur. Their order of importance is, however slightly modified, with the lack of good managerial material factor being cited the most often, the lack of specialized training in the office profession and the subsequent need to retrain personnel being second in importance, while the lack of creative and innovative people rated third in importance.

BUSINESS ATMOSPHERE

Introduction

It is imperative to the economic development of a city

to have a marketable business climate, that is, one which will attract industry. It must be made relatively "trouble free" for interested firms to study the city's market potential, find suitable office space, and staff, and to have surrounding them, a business atmosphere which is conducive to the establishment or expansion of office operations.

To determine how the particular cross-section of the office sector surveyed, feels about the business atmosphere created by the present Conservative Government, the following statement was made, to be responded to in terms of a semantic differential scale of five:

"The present provincial government has created a favourable business atmosphere.

AGREE

--	--	--	--	--

 DISAGREE"

1 2 3 4 5

Of the 58 answers to this statement, 39 respondents felt that the business atmosphere in Winnipeg is favourable, nine adopted a neutral position and replied in the third box, while ten disagreed.¹ No apparent pattern concerning which types of offices agreed or disagreed, emerged from the responses. Overall, it would appear, that 67 per cent of those surveyed, hold that the Conservative Government seems to have created a favourable business climate. A number of businessmen surveyed, commented that the atmosphere has improved since the New Democratic Party was ousted, and that 'things' are getting better.

To further investigate the issue of business atmosphere, the following statement was put forth with the intention

of determining whether or not business atmosphere of cities are factors which influence the location decision of office organizations.

"The business atmosphere created by government influence the location decision of office organizations.

AGREE

1	2	3	4	5

 DISAGREE "

of the 52 who replied to this question, 44 agreed, two chose the mid value, while ten disagreed. Again, no particular office types seemed more influenced by the business atmosphere than others. In aggregate, 78.6 per cent of the respondents seem to hold the view that the business atmosphere created by the government influences locational decisions.

Taking into consideration the responses of those surveyed, it is evident that the majority of respondents feel Winnipeg has a favourable business atmosphere which is improving with time, and that this factor is a determinant in the locational decision-making process of the office sector.

Advantages of a Winnipeg Location

To broaden the issue to one of whether businessmen enjoy Winnipeg, the question was put forth:

"Do you enjoy working in Winnipeg?"

Of the 72 respondents, 69 were positive while only three were negative. According to the response it is apparent that

businessmen enjoy working in Winnipeg. In order to examine the circumstances leading to this complimentary consensus, the following question was asked in the summary of the questionnaire:

"Businesswise, what are the major advantages of a Winnipeg location?"

Sixty-one firms replied to this question, the advantages cited in order of importance are as follows:

<u>Factor</u>	<u>Number of Times Cited as Advantage</u>
centrality of city	17
large compact trading area	13
good pool of skilled labour	6
economic stability	6
business not 'cut-throat'	6
ease of getting around city	5
proximity to grain trade	3
good economic potential	3
distance from head offices	2
lack of major competition	2
growing city	2
good life for personnel	2
good facilities	1
easy to know what's going on	1

Centrality

The issue of centrality appears to be important to the insurance firms, three out of seven of them responding to this question cited centrality as an advantage. Centrality

seems to be of more importance to management consulting firms of which four of six firms replying stated centrality as an advantage to Winnipeg's location. The same point can be made about advertizing firms where three of five firms cited it as an advantage. All in all, of the 69 replies, 24.6 per cent of all respondents identified centrality as a business advantage to a Winnipeg location.

Compact Trading Area

The second major advantage is that of a large compact trading area. About nineteen per cent of the respondents cited this characteristic of Winnipeg's location. Insurance firms and brokerage firms in particular mentioned the compact area of operation and the fact that Winnipeg is the largest trading area in Manitoba.

Disadvantages of a Winnipeg Location

Advantages are offset by disadvantages. To determine the deficiencies of a Winnipeg location, the question was asked:

"Businesswise, what are the major disadvantages of a Winnipeg location?"

Of the 67 replying to this question, 59 claimed that there were disadvantages while eight said that there were none.

The major complaints were as follows:

<u>Factor</u>	<u>Number of Times Cited as Disadvantage</u>
lack of economic growth	16
isolation from major cities	13
limited population	7
cold climate	6
citizens and economy too conservative	4
limited business opportunity	3
high taxes	2
'cheap' business attitude*	2
lack of head offices	2
not enough support services	2
high transport costs	1
distance from manufacturing	1

* Cheap business attitude is taken to mean, that people will not do business unless a 'deal' can be made. Meaning that everyone wants to pay less than is asked.

Conclusion

To conclude this section, the question was asked:

"In view of your experiences in Winnipeg, at this present location, would you choose this city and location again, if it were up to you?"

Of the 72 firms replying, 49 (68 per cent) stated that they would indeed choose this city and location, while 23 (32 per cent) said they would not. Of the 49 responding positively, 33 comments were made resulting in 33.3 per cent of the respondents saying that they enjoy the city, while 21.2 per cent replied that they liked the people. Of the 23 replying negatively, 24 reasons were given, the major complaints

referred to the slow growth of the city and limited economic opportunity, as well as to the climate.

Summary

To summarize, businessmen generally feel that Winnipeg has a good business atmosphere and this is attributable to the centrality factor, large compact trading area, stability of the city, good pool of skilled people, as well as the more personal reasons such as enjoying the city and the people. The major disadvantages appear to be the lack of economic growth, isolation, lack of population and the severe climate.

OFFICE CLUSTERING

Introduction

Evidently, from previous discussion, it appears that Winnipeg has a good labour supply and a favourable business attitude. What will be debated now is the question of whether the office community in Downtown Winnipeg can provide the agglomeration economies necessary to attract office business to the city. It would be very difficult, regardless of the type and amount of government assistance, to convince business to establish in Winnipeg if a mature office community with all of the amenities of spatial clustering and economies of scale does not exist.

The following section deals with office clustering and subsequent agglomeration economies. Once it has been decided that there is a market for a particular office's service, and that it makes sense economically to locate in a specific city, an appropriate location within the city itself must be decided upon. Some office businesses prefer to locate in the central business district, while others find it necessary to do so. Particular locations offer different advantages and disadvantages. While a central location offers easy access to services, clientele as well as information flow, the price tag on such a rental fee or purchase cost is substantial. Whereas office firms locating on the periphery of a central business district may pay lower rental fees, or purchasing costs, whatever the case may be, they are not as close to the information flows and other amenities of a more central location. A trade-off is necessary between degree of accessibility and rental payments.

Office Clustering as Determined by Rent Paid Per Square Foot/Month

By using rent figures and survey questions referring to information availability and proximity to clientele as well as services, it will be possible to identify office clustering. That is, the appearance of certain office types, locating close by others, in many cases within the same building can be taken as being to secure agglomeration economies. It is assumed, that those offices requiring easy accessibility to clientele, services, information and data, will locate close

to firms who fulfil these needs. These firms will be grouped by survey results of rent rates, and cross-checked with the rental statistics as well as identified office clustering of an earlier exercise discussed previously in the paper.

In the exercise discussed in Chapter Three, three major groups of offices were derived by rent fee association. The 1975 statistics, led to the formulation of the following groups:

	<u>Office Type</u>	<u>Rent/Sq. Ft./Month</u>
GROUP ONE	banking institutions	.6639¢
	loan and finance company	.5273¢
	insurance firms	.5134¢
	trust companies	.5078¢
	stock brokerage firms	.5033¢
GROUP TWO	advertizing firms	.4567¢
	business consulting firms	.4564¢
	accounting firms	.4365¢
	real estate firms	.4048¢
GROUP THREE	architectural firms	.3085¢
	manufacturers agency	.2631¢

These three groups have varying degrees of need for centrality. It is suggested that those firms paying the higher rents will be those that need to be located in the hub of office activity, close to clientele, services and information. Group two also desires centrality, however, not to the same extent, and possibly these firms locate where potential business is located. The final group, it would ap-

pear, is independent of the other office business and locate to suit its own needs.

As discussed in Chapter Three, these groups directly coincide with the clusters of offices identified by J.B. Goddard. Further study showed that these groups of office functions also were grouped in building locations. An example of such clustering is referred to on page 81, where tenants of the 'Investors Building,' a group one building, are cited. This office building's average rent per square foot per month, in 1975 was .46¢ and the basic tenant functions were, insurance companies, brokerage firms, and finance companies. It appears that these firms gain external economies by locating in the same building, and that these linkages must be important, because the firms concerned are willing to pay higher rental fees to locate in the downtown area in close proximity to one another.

The second group with similar rental fees are also located in the same building, for example, the Lindsay Building (cited on page 82). Here the average rent per square foot was .3042¢ in 1975 and the majority of clientele were barristers, accountants, consultants, insurance firms as well as real estate companies. This group has functional linkages within the group and with group one.

The final group is that which is composed of more independent office functions such that they do not require a central location and thus locate in the less costly rental areas. An example of clustering of this group is that of 63 Albert Street. In the 1975 account, the average rent was

.2295¢ per square foot per month, and the composition of office tenants was almost 100 per cent manufacturers agents.

It is likely that further study would show that link-ages between offices especially in groups one and two are present, and that these create agglomeration economies and account for locational decision making.

In order to update this rental information, the thesis survey contained questions referring to rental fees. It was shown that the average rent for office space rose from .4583¢ per square foot per month in 1975, to .5927¢ in 1979. By using the 1979 results, rent groups are as follows:

	<u>Office Type</u>	<u>Rent/Sq. Ft/Month</u>
GROUP ONE	banking institutions	.8880¢
	brokerage firms	.7362¢
	insurance firms	.7015¢
	large miscellaneous firms	.6857¢
GROUP TWO	accounting firms	.6270¢
	advertizing firms	.6048¢
	business consulting firms	.6018¢
	real estate firms	.5900¢
	office service firms	.5900¢
GROUP THREE	loan and finance companies	.4600¢
	construction firms	.4600¢
	manufacturers agents	.3880¢
	architectural firms	.3333¢

In this new grouping, three new office functions were added, that of miscellaneous firms which are basically large multifunctional or multilocational firms, office service

firms and construction and engineering firms. The groups altered slightly with loan and finance companies taking a drop in groups, office services appearing in group two and construction firms showing up in group three. Owing to the possibility that the survey sample was not as representative as it should be, the average rent was obtained from the 1975 statistics and the 1979 statistics, creating the following groups:

	<u>Office Type</u>	<u>Rent/Sq.Ft./Month</u>
GROUP ONE	banking institutions	.7759¢
	miscellaneous firms	.6857¢
	trust companies	.6566¢
	brokerage firms	.6197¢
	insurance firms	.6074¢
	office service firms	.5935¢
GROUP TWO	advertizing firms	.5306¢
	business consulting firms	.5291¢
	accounting firms	.5031¢
	real estate firms	.4974¢
	loan and finance companies	.4936¢
	construction firms	.4660¢
GROUP THREE	manufacturers agents	.3250¢
	architectural firms	.3192¢

In this final grouping, trust companies are not accounted for in the 1979 survey due to the fact that all three firms replying, owned their office space. It was assumed that if these firms did rent, their fees would have taken the same percentage rise as those of the average of the other offices,

resulting in a rental fee of .6566¢, and the positioning of trust companies in group one.

The average of the 1975 results and 1979 results, coincide directly with those of the 1975 research, with the exception of the three new additions. It would appear from this consistency, that the sample results are a fair representation of overall city rental costs. Following the grouping of the offices, a discussion of each office type in each office group will determine the evidence of this kind of clustering consonant with agglomeration economies.

Does This Clustering Create Agglomeration Economies?

The first group of activities to be discussed consists of banks, miscellaneous firms, trust companies, brokerage firms, insurance firms, and office service firms. It was found that all three of the banks replying to the questions pertaining to agglomeration economies said that they required a central location. This was however basically due to client accessibility and not information accessibility owing to the fact that banks have their own information and data systems. So far as the miscellaneous firms were concerned, only 37 per cent felt that they required a central location. Because they pay on the average the second highest rent fee, they must either locate for a prestige or functional reason. The third member of group one is that of trust companies, 83 per cent of those surveyed required central locations. Trust companies have their own information system and therefore

accessibility to clientele is the basic locational factor. The fourth office function in group one is that of brokerage firms, of which 87 per cent feel that they required a central location and were willing to pay a high rent fee to acquire it. They defined information availability as a locational factor additional to clientele accessibility. Information, data and communication are very definitely locational factors and due to this, the stock brokerage firms pay premium rent. One firm stated, "it is better to know our industry counterparts personally not just be phone." The fifth office type in this group is that of insurance companies. Only 42 per cent stated that they required a central location, however, they too are prepared to pay higher rent fees than the norm. The majority of firms need easy access to information, data and communications, though these are not necessarily locational factors. It would appear that insurance firms are fairly self-sufficient in terms of information and data, and that location is more of a convenience to clientele rather than a necessity. There also existed no pattern of rent fees based on size of office firms. It seems, therefore that insurance firms locate where they choose and for reasons less tangible than those leading to locational decisions of other office types. One firm felt that information availability is a locational factor in business but computers and telecommunications technology is making this less important. This particular firm's location was chosen mostly for visibility and prestige reasons. The final office type in group one is that of office service firms. Of two

replying, both felt that they required a central location and were prepared to pay higher fees so that they could have easy face-to-face communication.

Overall, it would appear that group one types are willing to pay higher rent fees than the other office functions, however, this is not necessarily due to a requirement of attaining information availability as a result of close proximity of other offices. It would seem nonetheless, that face-to-face communication with clientele is a substantive locational factor for this group, perhaps the most important factor determining site location. Accessibility to business connections and clientele is the reason why group one office functions are prepared to pay higher rent. Office clustering is due to agglomeration economies of supply on the one hand and the face-to-face aspect of demand on the other, and not necessarily due to information flow, with the exception of brokerage firms.

The next group to be discussed is that paying the average rent fee, and consisting of the following office types: advertizing firms, business consulting firms, architectural firms, real estate firms and loan and finance firms as well as construction and engineering firms. In respect to advertizing firms, sixty per cent of these stated that a central location is necessary, however this is due to the need for face-to-face communication and not information availability. Of those business consulting firms surveyed, 83 per cent stated that a central location is necessary because they need to be accessible to the firms they service. One firm

said "our service depends upon successful interaction." Sixty-six per cent of the accounting firms, loan and finance companies and real estate firms surveyed require central locations due to client accessibility. All three have their own information systems and therefore information access is not a locational factor. Likewise, the entire sample of consulting firms said that they required a central location, and this too is due to accessibility for clientele.

It can be maintained then that those office firms paying the average rent in Downtown Winnipeg require a central location because basically they are service industries and must be accessible to those businesses and clientele which they service. Information and data interaction is not necessarily a location factor while face-to-face communication certainly is.

The final group consists of manufacturer's agencies and architectural firms. Of these two types of firms, fifty per cent of the manufacturer's agents require a central location while neither architectural firm did. These office functions do not require a central location due to information availability, but due to convenience for themselves.

These results differ from the initial proposal that location decisions leading to office clustering and agglomeration economies are due to inter-office communications and information flow. The majority of firms realizing a central location, do so for easy accessibility to clientele and not necessarily for information exchange. Therefore supply and demand of services is the basic locational factor, face-to

face communication and accessibility being of the utmost importance, and information flow being secondary.

To conclude this section, let it also be noted that as a rental fee within the city may differ and determine office location, so too does differences in rental fees between cities affect locational decisions. Winnipeg has a definite advantage in this respect, according to the Fantus Report, in that rental costs per square foot based on prime office space in Winnipeg is far less than that of Toronto, Vancouver, Edmonton and even Regina. The Fantus Report showed:

<u>City</u>	<u>Rent/Sq.Ft./Year</u>
Toronto	\$15.25
Vancouver	\$13.25
Edmonton	\$12.75
Regina	\$11.50
Winnipeg	\$10.50 - Fantus Report
Winnipeg	\$ 9.03 - thesis survey

Therefore, not only do the agglomeration economies available in the city's downtown business district act as an attracting force to office firms, so too does the fact that Winnipeg undercuts the rent fees of the aforementioned cities.² With regards then to overall rental fees and agglomeration economies, Winnipeg has a definite advantage, being a mature city with an adequate office infrastructure as well as being inexpensive.

GOVERNMENT ASSISTANCE

Introduction

Government involvement in business operations is an issue repeatedly attacked or supported by members of the business community depending on their political position. The issue is difficult to resolve. Should government play a strong role in the business sector, or should it allow the economy to operate under the 'laissez-faire' system? This central issue forms the backdrop to the following discussion on business perceptions of the role of government.

This discussion of government assistance will be divided into four major components, these being, knowledge of, and utilization of, government assistance programs, opinions of government regulations, debate on what ways and means government can assist business in establishing or expanding particular types of office operations, review of government impacts on business operation, and finally what potential is there in Winnipeg for expansion or establishing office firms, and how do these offices interpret the government's role in assisting such expansion or establishment?

Knowledge of and Utilization of Government Assistance Programs

Before reviewing government involvement in business operations, the function of the following assistance programs

and government branches need to be considered, namely; The Small Business Development Program, The Master of Business Administration Studies Management Counselling Program, The Human Resource Management Branch, The Promotion and Information Service Branch, and the Industry and Commerce Business Library, to name the major ones.

The Small Business Development Program offers a set of services to qualifying firms, that is, general counselling, liason services for the firm in its dealings with other government departments or agencies, financial assistance to help underwrite a portion of company costs for professional feasibility studies, and finally broker services for the firm to ensure it takes advantage of support services offered by the department in various functional areas such as marketing technology, production, finance and human resource management. Of those 76 respondents who returned their surveys answered, only two firms or 2.63 per cent utilized this form of assistance. One of these was a management counselling firm, which took advantage of the counselling liason service and financial assistance, whereas the other firm, being a marketing agency, made use of the liason service and financial assistance. Clearly the Small Business Development Program is greatly underutilized, especially with reference to the office sector of the economy.

The second form of assistance to be examined is the counselling assistance available under the Master of Business Administration Studies Management Counselling Program. Of the firms contacted, not one employed this service while only

38 were aware such a program existed. Again this service is underutilized to say the least.

The third type of assistance is that of the Human Resource Management Branch which offers employment information, human resource management counselling, management training, and a special needs project. Despite the supposition that this particular form of assistance appears to have quite a potential for helping business, only one management counselling firm, the same one that took advantage of the Small Business Development Program, utilized employment information offered by the Human Resource Management Branch.

The Promotion and Information Service Branch is the next to be considered and can be dealt with summarily. Only one insurance company secures their publications.

The final assistance program to be discussed is that of the Industry and Commerce Business Library. Fourteen of the firms surveyed, used the library, including one insurance firm, two brokerage firms, two banks, three marketing consulting firms, one trust company and one advertizing firm as well as an office service firm, construction firm and a miscellaneous firm. In terms of frequency of contacts, it appears that the library is the most successful form of assistance offered that is referred to in this study.

Other types of assistance not included in the above were mentioned by respondents. The types of assistance used were as follows; Trade Commerce and Industry listings, CMHC data, Statistics Canada data, Revenue Canada information, the Student Summer Employment Program, manpower supplier reference,

transport advisory services, personal assistance in export activities and zoning, land titles and planning information.

In summary, it appear that very few businesses utilize government assistance and resources, possibly due to the lack of knowledge of what is offered and how they can be used to benefit business. Perhaps, business has a negative attitude towards any government involvement in the economy even though these services do not appear to be of a disruptive nature. On the contrary, they should be extremely beneficial in impact. Government regulations may 'turn-off' business to any positive interaction. To determine whether businesses have a poor attitude towards government involvement it was asked:

"Do you feel government regulations effect business negatively?"

The responses will be discussed in problem areas. Overall 45 respondents agreed that government regulations affect business negatively, nineteen disagreed, while two had no comment.

Government Regulations : Negative Impact?

The major complaint of the respondents was that of excessive control. There was no one type of office function which cited this problem more often than others. One brokerage firm stated that there was a regulatory environment, and a real estate firm, a bank and a management consulting

firm all agreed that they were over-regulated. One finance and loan company commented that they are controlled by the Consumer Protection Act, that some land regulations are too involved and that most regulations are too restrictive. An office service firm complained of excessive control, while an investment firm commented "you're kidding. We are over-regulated by government we do not want and do not need and cannot afford." Clearly 'excessive control' is of some importance due to the fact that 24.4 per cent of those firms agreeing that government regulations affect business negatively, cite it as a major complaint.

The second major complaint was that of excessive paperwork required. Almost eighteen per cent of the negative responses were concerned with excessive paperwork. Two insurance companies stated that statistical data gathering etc. involves far too much paperwork in reporting to government. A brokerage firm, office service firm, construction company and one miscellaneous firm complained of too much paperwork, while a loan and finance company commented that there was a multiplicity of questionnaires, reports and cost requirements.

Taxes are the third most often cited negative effect of government regulations. Seven different office firms and office functions, or 15.5 per cent of negative responses, labelled taxes as a problem. An architectural firm, in particular, felt strongly that there is too much tax on small business profit.

The final major complaint is that of the interference

of the government in business operations. The problems are perceived as follows: interference and government monopoly in automobile insurance from an insurance firm, the inhibition of entrepreneurial activity in the long run (advertising firm), restrictive rules on advertising and packaging (advertising firm) and finally, too much competition and interference in our business field (administrative management service). Other complaints are of rent controls, restrictions on immigration, high minimum wage, restrictive trade patterns with lack of consistency poor management of the economy, discouraged investment growth and general development zoning, subdividing restrictions, slowed construction and no growth in related fields, as well as the fact that the government is an insensitive bureaucracy, meaning that there is a surplus of 'red tape'.

In summary, the major complaints were concerned with excessive government control of business, excessive paperwork, high taxes, government interference in the operations of the business, 'red tape', discouraged investment, instability of regulations and labour laws.

Positive Government Involvement

The Question

The following will consider how particular office types perceive the government's role in playing a positive part in expanding or establishing businesses in their sector. The

following question was asked:

"Could government assistance facilitate expansion
or relocation of business? YES NO "

If the respondent answered in the affirmative, he was then asked to answer to the questions cited in Appendix Eight.

The Responses

The responses to the questions on government assistance were categorized according to the types of office business, that is, manufacturers agents, insurance firms, brokerage firms, real estate firms, banks, loan and finance companies, management consulting firms, architectural firms, trust companies, advertizing firms, office service companies and miscellaneous firms.

a) manufacturing agents

The first category is that of manufacturer agents. One agent felt that incentives involved in both fixed costs and operating costs would be appropriate. The second agent replied that operating costs, in particular, tax incentives, were important, however "any expansion our company could do would be in Alberta, due to growth in that market along with tax incentives to do so." Seemingly, Alberta is more attractive in terms of taxes.

b) insurance firms

Of the three insurance companies that replied, one stated that incentives involving fixed costs, especially communication and data services would be appropriate, while two other insurance firms disagreed. One firm claimed that "government assistance is more appropriate for the development and manufacturing industries rather than the sales and service industries." Another firm held very strongly that "we believe a free enterprise economy should have less government interference and subsidy provision. We can perform better on our own initiative." They continued to say that competition with the provincial insurance company (Autopac) should be allowed and that mining and oil exploration in Manitoba should be encouraged with incentives. It would appear that these firms feel that government assistance should restrict itself to primary and secondary industry while the previously discussed firms are more open minded and felt that government assistance could indeed be beneficial to their office type.

c) brokerage firms

The third category of replies deals with brokerage firms, of which four replied. Two firms commented that they were for government assistance, while two were against. Of the two who reacted positively to the questions, both agreed that operating costs should be subsidized. One company felt that tax incentives should be given and communication costs be cut. They went on to say "cut capital gains tax, lower

personal and business tax rates, eliminate double taxation of dividends, raise interest tax exemptions, aid business investment, allow free market to function to bring in up-to-date facilities." They also felt that fixed cost incentives could be granted again in the form of tax incentives, but also in the form of communication and data services. In their words, "Manitoba facilities are outdated and Canadian Radio and Telecommunications will not allow input from the U.S.A. as needed." Their overall comment was to "reduce government interference and burden on the economy." The second firm was in full agreement with the incentives program and cited operating cost cuts, as well as rent assistance.

Of the two brokerage firms that disagreed with government offered incentives, the following comments were given, "government assistance usually generates false profit pictures that fail when assistance is withdrawn. We must be ever mindful that government assistance comes from individual pockets. Real growth can only come from performance and production, not grants, and that government should allow business to solve its own problems in general."

d) real estate firms

Real Estate firms are the next to be considered. Of the five firms responding, four commented that the operating cost should be supplemented and, in particular, tax incentives should be offered. Other operating costs mentioned were transportation cost cuts and employee training assistance. Some felt that the tax system should be simplified so that the

"market can operate," while one respondent commented that the income tax collections and reporting could be far simpler. All firms mentioned that incentives could be offered to reduce the burden of fixed costs, especially in the area of tax incentives and incentives to assist in purchasing and the building of premises. One firm, not adverse to government assistance, said that "there should be less government interference in regulation and controls (unnecessary ones). Government should get out of the day-to-day 'control and penalize' ethic and get back to their role of supervision and reward. Government spending is rapidly making this a 'bankrupt nation' devoid of hope for our children."

e) banks

Only one bank replied to this question in the survey. They felt that the only operating cost that could be reduced would be that of taxes, and stated that the way in which the government could do this would be to offer "efficient basic services at a minimal cost, to reduce the tax burden on individuals and business." Again as far as fixed cost incentives were concerned the respondent cited tax incentives and opined that "special incentives are inequitable and inappropriate generally speaking." They went further saying "we have reached now a limit in government intervention eg. Federal Business Development Bank, making venture capital loans to private companies for share of the action and

2) providing special counselling service on how to avoid

government red tape."

f) loan and finance companies

As far as loan and finance companies were concerned, of the two that replied, all operating costs and fixed costs identified in the questionnaire were cited as possible incentives. One commented that "our type of service needs specialized training. We spend a lot of time and money at this. There could be an incentive assistance program."

Also "an area of concern is on-line data communication with our other offices as well as others. C.U.S. (according to the computer communications group at Manitoba Telephone, this stands for Computer User Services) phone lines are one of the expensive areas now." Contemplating the general situation they go on to say "that taxes are too high in Downtown Winnipeg. Government is doing far too much. It usually costs twice as much when government provides services than private. This is a very expensive area especially when one considers one whole payment system for Canada usually the private sector can do this much cheaper. Governments have nothing to give that they have not first collected."

g) management consultant firms

Of the four management consulting firms who replied, tax incentives were mentioned as ways to decrease both fixed and operating costs by two firms, while one went further to include employee training assistance as well as incentives to assist in purchasing or building own premises. One re-

spondent felt that provincial and federal assistance was quite good, however, another felt that it should be "positive and practical simply applied with a minimum of red tape." One firm mentioned the fact that "government assistance provides us with work since a prime source of clients are those businesses requiring feasibility studies for presentation to government." While another suggested that the small consulting firms get a chance at available business. One final comment which is very important in all cases of government assistance is that "not enough information on different types of assistance available is given out. I might do something entirely at our expense for which government assistance would be available, but of which I was not aware."

h) architectural firms

Only one architectural firm replied, conforming to the above pattern by citing tax incentives as a fixed cost incentive.

i) trust companies

Two trust companies replied to the question, one commented that government assistance decreasing fixed costs is desirable while another suggested that operating costs be subsidized, and in particular employee training assistance. The second firm mentioned that they could improve standards of service with more training. This is being done now "through courses at the Winnipeg Real Estate Board being expanded." They felt that government should not interfere too much, "but

during the last few years, Real Estate training improved greatly with government supervision." Their final comment, however, was, "I do not like too much government."

j) advertizing firms

As far as one particular advertizing firm was concerned, operating costs in the manner of tax incentives and employee assistance would be appropriate forms of government assistance. With regards to fixed costs, they felt that assistance to move or purchase new office equipment and tax incentives would be fitting. One firm felt "government should finance expansion, and the purchase of new equipment, and that the tax system should have a system of reinvestment credits." Overall, this respondent stated "we don't require government assistance in order to grow, however, we would like to see an industrial development policy capitalizing on our energy, our transportation and labour force to bring in new industry who could become our clients."³

k) office service firms

Two office service firms replied, each however holding very different views. One respondent favoured government assistance particularly in the area of employee training as well as transport and communication cost cuts within Canada. Yet, despite this involvement, "there must be no additional costs for such assistance in the way of controls or paperwork justification." The second office service felt that "government assistance is invariably misguided and misdirected."

Generally speaking, a business which can only commence or continue with government assistance should not exist at all. The way to encourage new business and expansion is to create a climate in which the incentive is there to make a profit. Only profitable enterprizes can offer employment opportunities for people who really want to work."

1) miscellaneous

In the final category of business which I term miscellaneous, one firm felt that "several extremely viable projects in developing products were presented to government but to no avail. Government support seems relegated to internal support of financial control rather than research development and marketing." Another firm suggested that all operating costs mentioned were applicable while tax incentives and assistance to move or purchase new office equipment would be suitable fixed cost incentives.

Summary

It would appear then that most businesses could use some form of assistance, the particulars being dependent on the office type. Tax incentives tended to head the list of incentives as well as employee training incentives. These results can be used to form some sort of incentives program to encourage office location. The firms to which attention should be paid, are those which are already established in Winnipeg and have expansion possibilities, as well as

those office functions which are in short supply in the city. The following discussion deals with firms of this nature as determined by the survey.

POSSIBLE OFFICE EXPANSION AND ESTABLISHMENT

Introduction

Of the offices surveyed, 55 (75 per cent) felt that there was potential to expand existing operations. To obtain more specific details, the following question was asked:

"If you belong to a larger organization, presently, are there any office departments in your organization that could relocate or start new in Winnipeg?

_____ YES _____ NO "

Of those respondents returning the survey, ten firms answered in the affirmative. Those who could expand or relocate were as follows: a law firm which could expand and open branch offices in the suburbs; two insurance companies - one which would set up a new sales office, the other hoping to relocate Premium Collection and Underwriting now located in Toronto; one marketing agent who would like to have more space saying that all accounts would be favourably affected; one bank which feels an International Division would be in order; one loan and finance company that said it would be possible to open new branches; an architectural firm which foresees the expansion of its engineering consulting service

and contractors; one trust company claiming that new branches and locations are available; an oil firm which commented that an agro-chemical firm would be a possibility, while a food manufacturer reported that their marketing staff could be expanded. Perhaps, with the assistance of the government the expansion or establishment of related businesses could be facilitated. The fact that these firms are already in being, at least in part, suggest that there is considerable scope for expansion.

Voids in the Winnipeg Business Community

In another category are firms which are not located in Winnipeg, but which offer services required by Winnipeg businesses. In these cases, if demand was high enough and if the city of Winnipeg was made a more attractive location alternative, perhaps branch offices could be opened in Winnipeg.

The major void in Winnipeg's office sector is that of advertizing functions. This follows from the results of the employment and education section of the survey which pointed out that either as a result of educational voids or employment deficiency, there was a lack of creative and innovative people in the city. Apparently, advertizing companies located in Winnipeg must rely on services of other cities for the creative needs of the business. To illustrate this, one Winnipeg advertizing firm uses Scott and Withrow in Toronto for writing as well as Penultimate, also located in Toronto, for research M2D of Toronto is used and for jingles, Grif-

fiths Gibson of Vancouver. Another advertizing firm also uses Griffiths Gibson of Vancouver for radio productions, along with Beale Photography of Toronto. One insurance firm utilizes such services from outside of Winnipeg, in the form of Nelson Burns Specialty Ad Material from Toronto.

What incentives then would be suitable to attract advertizing related firms to Winnipeg? As far as one particular advertizing firm replying to the government assistance section of the survey is concerned, it would seem that this firm already established in Winnipeg would not require government assistance for growth but would like tax incentives such as a system of reinvestment credits, employee training assistance, and assistance to move or purchase new office equipment. It is reasonable to suppose that in attempting to attract advertizing firms to Winnipeg, some form of employee training assistance would be required due to the fact that in the employee educational section there was a void in the preparation of people for jobs involving the creative and innovative skills required in the advertizing business. Some sort of employee training cost-sharing should be created to attract firms. Also cost-sharing should be utilized in the purchase of equipment used in the office, as well as tax incentives.

A further area in which Winnipeg is devoid of office services is that of the data service, and in particular, financial data. This complaint was alluded to earlier in the incentives program when many firms put forth the need to improve communication. One particular bank cited this problem

stating that the central data centre of the bank is in Toronto, an investment Trading Service called TSE/NYSE was utilized and based in Toronto and New York, while financial forecasting services were again based in Toronto and New York. The need to attract data service firms, is rather obvious. Although no data service firm replied to the survey, which perhaps explains in itself why firms requiring such services rely on out of province services, it would seem that government incentives involving communication cost cuts would be fitting.

Other added services obtained from outside sources are those of transportation information, some especial consulting services such as elevator consultants and office supplies such as Superior Steel Desk in Edmonton.

In summary, there is a definite need for all aspects of the advertizing business, as well as a desire for financial information by way of computers for forecasting, and finally transport information.

OFFICE EXPENSES

Direct Operating Costs

Introduction

The following locational factors are those directly affecting operating costs to some extent, but are to a greater degree representative of psychic income factors. The discussion will commence, however, with consideration of the more straight-

forward factors influencing direct operating costs, namely utility and transportation expenses.

According to the Fantus Report, Winnipeg compares quite favourably with other office centres in Canada in terms of operating costs. By comparing "regional" offices employing approximately 160 people, it was determined that Winnipeg's Annual Operating costs were substantially lower than those of Toronto, Vancouver and Edmonton, as well as being slightly lower than Regina's.

<u>REGIONAL DIVISIONAL OFFICE</u>	<u>ANNUAL OPERATING COSTS</u>	<u>ANNUAL PENALTY VS. WINNIPEG</u>
Winnipeg	\$2,410,676	-----
Toronto	2,721,822	\$311,146
Vancouver	2,517,724	107,048
Edmonton	2,690,377	279,701
Regina	2,449,661	38,985

It would appear then, that operating costs are less in Winnipeg than other major centres. However, this issue warrants further investigation and will be dealt with in the remainder of this chapter.

Utility Costs

While utility factors such as power and heat, do not significantly effect the operation of an office business, nevertheless, it is important to keep expenses down in the running of any business, and utility costs are no exception. To determine how Winnipeg businessmen felt about utility costs,

the following question was put forth in the survey:

"Do you feel utility rates are low in Winnipeg?
if not, which utilities are too costly?"

Of the 64 firms who replied to this question, 53.1 per cent felt that the utility rates were low in Winnipeg while 4.7 per cent felt that they were average. A significant number (42.2 per cent) of the respondents however felt that utility rates were not low, the major complaint being that hydro rates were too high (17.2 per cent of the negative responses cited hydro rates); 7.8 per cent of the respondents mentioned that gas was too expensive, while 6.25 per cent stated that telephone rates were too costly. This last complaint though is comparably unjustified due to the fact that according to the Fantus Report, Winnipeg's telephone rates are among the most inexpensive in the country. Refer to the following table for details:

BASIC TELEPHONE SERVICE RATES PER INDIVIDUAL LINE PER CITY

<u>CITY</u>	<u>BUSINESS</u>	<u>RESIDENTIAL</u>
Winnipeg	\$13.05	\$5.50
Vancouver	27.75	9.25
Edmonton	17.60	6.00
Regina	14.85	6.20
Toronto	27.35	8.55

Also important is that fact that Winnipeg is centrally located, thus taking advantage of the Central Time Zone, making time differential no greater than 2½ hours to all provinces and states.

Overall, it appears that utilities are not a major expense factor in office operating costs but that amongst them, hydro does seem to be a cause of complaint. Yet, this complaint is also relatively unjustified due to the fact that a five year freeze has been put on hydro rates in the province and this should please most office firms by guaranteeing that at least one operating expense will remain constant, for a while, and not succumb to inflationary pressures.

Transportation Costs

Transportation is the second factor concerning operating costs both directly and indirectly. The transportation costs which would more directly and considerably affect operating costs of office businesses are those incurred in the way of business trips between Winnipeg and other major cities. The cost here is both monetary and in terms of convenience. The question asked was:

"Is transportation between Winnipeg and other major cities adequate? If not, what are the shortcomings?"

Of the 73 respondents, 76.7 per cent felt that transportation was adequate, while 23.3 per cent stated that it was not. The pattern of office types responding either yes or no to this question was not biased to particular office functions. This suggests that no particular office type demands markedly more inter-city mobility than others.

Of the 23 per cent responding to the effect that trans-

portation between cities is inadequate, there were two major complaints. 76.5 per cent of the minority 23 per cent, commented that flight schedules between Winnipeg and other major Canadian and U.S. cities are too limited and that the "no frills" flights between major centres do not include Winnipeg.

Currently Winnipeg is serviced by the domestic carriers, Air Canada, CP Air, Nordair, Pacific Western and the International carriers, North West Orient Airlines and Frontier Airlines. The daily flights available according to the Fantus Report, are as follows:

	<u>BETWEEN</u>	<u># OF FLIGHTS</u>
Winnipeg and	Toronto	14
	Montreal	7
	Vancouver	7
	Edmonton	8
	Calgary	8
	Regina	4

While this may appear sufficient, it does not compare with services offered from other Canadian cities, for example, the number of flights between Toronto and Montreal alone on only one carrier, Air Canada, is five regular flights running Monday through Sunday daily, and seventeen rapid air flights, six running Monday to Sunday and eleven varying schedules basically however, running business days, Monday through Friday. Air Canada also has seven daily flights from Toronto to Calgary, six between Edmonton and Vancouver, while Edmonton to Winnipeg only has three. International direct flights are limited for Winnipeg also. Obviously, limited domestic

and international flight availability creates expensive and poorly timed connections. This is not conducive to good business.

The minor complaints, amounting to 17.5 per cent of the negative comments, referred to poor transportation services between Manitoban urban areas and rural areas, and slow postal service. The remaining six per cent of the minority response had no comment.

The second transport factor to be discussed is that of intraurban transportation, that is, mobility within Winnipeg. The question put forth was:

"Do you feel that Winnipeg's transportation system is adequate? If not, what are its shortcomings?"

Of the 72 respondents, 80.6 per cent felt that the system was adequate. Of the 19.4 per cent who stated that there were deficiencies, the major complaints were as follows: a lack of an efficient and rapid transport system such as beltways and traffic signals conducive to fast movement of traffic, a need for an improved mass transit system, as well as an increased provision of parking facilities in the downtown area. Adequate intra-city transportation is a factor that positively affects any business requiring public contact, which is to say, the bulk of the office sector.

Psychic Income Factors

Introduction

The remainder of the discussion will deal with what I will term personal or psychic income factors; in other words, factors which do not directly involve office operation, but more or less affect the individual employee to some degree. Psychic income in general, applies to a gain which is intangible such as happiness, as compared to a gain which is tangible such as monetary income. In some cases, a tangible gain is responsible for a psychic income gain, for example, the availability of good housing is tangible, but to some degree, a psychic income is obtained if the person who occupies the home is happy with it. With the communication and transportation businesses as developed as they are today, it is possible for office functions to be much less stringent in site requirements. Tangible operating costs decrease in importance in the matrix of locational decision making whereas intangible benefits and costs become much more decisive factors (second of course to market availability). In many cases however, those making locational decisions do not realize that psychic income factors played such an important role, or in other cases do not admit to it.

Housing

In light of the above comments, I will now deal with

the more intangible factors of housing developments, the educational system and pace of life factors. These factors were presented along with a semantic differential scale of five in the following manner:

"The housing developments in Winnipeg are attractive.

AGREE |-----| DISAGREE"
1 2 3 4 5

In order to evaluate results, answers in box one and two are interpreted as positive, box three as neutral and boxes four and five as negative. The number values or assigned value of positive, neutral and negative are interchangeable and both may be referred to in the course of discussion.

With regards to the housing question, of the 62 respondents, 61 per cent of them indicated that housing was adequate, 17.7 per cent answered in the third box, meaning that they felt it was average, and 21 per cent replied that they disagreed with the statement that housing developments in Winnipeg are attractive. In order to determine whether or not housing is a psychic income factor in locational decisions, the respondent was asked to agree or disagree, again on a semantic differential scale of five to the following statement:

"Available housing is a factor which influences the locational decisions of office business."

Of the sixty who replied to this question, forty per cent felt that housing was a locational factor, thirteen per cent elected to give it the middle value, while 44 per cent disagreed.

Forty per cent is quite high considering that housing does not directly affect office functions. The importance of psychic income here is evident and it would appear that Winnipeg has a reasonably attractive housing supply.

Interesting to note that cost-wise, housing in Winnipeg compares most favourably with other Canadian cities, for example, according to Multiple Listing Service statistics, quoted in the Fantus Report, the average price of homes sold during the first nine months of 1979 in Winnipeg was \$48,451. Comparable prices for other western metropolitan cities and Toronto, were as follows:⁴

<u>CITY</u>	<u>COST OF HOUSE</u>
Winnipeg	\$48,451
Vancouver	70,354
Edmonton	78,320
Regina	47,397
Toronto	70,961

It would appear that not only is Winnipeg's housing attractive but it would also appear to be inexpensive, and according to survey results, housing is a locational factor.

Education

The second question involves the educational system of Winnipeg. The following statement was tabled:

"The school system in Winnipeg is very good."

The respondents again replied to a semantic differential scale.

Of the 59 who replied, 79.5 per cent agreed with the statement, 23.7 per cent gave the average value, while only 6.8 per cent disagreed with the statement. It would appear that overall the respondents were pleased with the school system in Winnipeg. To ascertain whether or not educational facilities are locational factors, the following statement was put forth for evaluation:

"The quality of educational facilities in a city is a factor influencing location decisions of office organizations."

Of the 59 replying, 36.5 per cent agreed that school systems are locational factors, 18.6 per cent ranked it in the mid value, while 45.8 per cent disagreed with the statement. It would appear that educational systems are not important factors but as with housing, nonetheless, they affect a good percentage of decisions determining locational choices.

Crime Rate

Further study of Winnipeg's quality of life, shows that Winnipeg has a very low crime rate, being well below the national average for violent crime in Canada. According to the Fantus Report, "latest statistics on criminal cost violations indicate the high degree of safety and security in Winnipeg vis-a-vis other Canadian cities." Refer to the following table for statistics:

VIOLATIONS PER
100,000 POP. IN 1977 :

<u>CITY</u>	<u>ALL OFFENCES</u>	<u>VIOLENT CRIMES</u>
Winnipeg	8,805.7	400.9
Vancouver	12,327.7	1,229.6
Edmonton	14,650.2	1,103.1
Regina	16,000.6	705.1
Toronto	9,085.3	604.8
Canada	9,537.2	605.0

According to my survey, of those office firms replying to a query on the validity of crime rates as being locational determinants, only 45 per cent felt that it was a factor. Despite this I feel it is still comforting for business to know that compared to the cities tabulated above, Winnipeg has the lowest number of violations per 100,000 people.

Pace of Life

To conclude this section of psychic income gains, the following statement was made:

"In Winnipeg there is an even pace of life."

The purpose of this question was to determine the respondent's general feeling for the lifestyle that the city offers. In the event of an overwhelming affirmative response, I interpret this to mean that Winnipeg is a conservative, easy going city. On the other hand, outright rejection of the statement would mean that the city is 'fast moving' like Calgary or Toronto.

Of the 63 replying to this statement, 69.8 per cent agreed that in Winnipeg there is an even pace of life. Whether this is an advantage or disadvantage is up to the taste of the individual decision-maker.

Reaffirming Results : Advantages

To reaffirm these results of the housing, education and pace of life queries, two general questions were put to the respondent in a summary section of the survey. The first question was:

"Personally, what are the major advantages of a Winnipeg location?"

Fifty-six replied to this question. The majority of the answers were concerned with life style, relative ease of mobility within the city, good cultural, entertainment and recreational facilities, good housing and an adequate educational system.

Quality of Life

The first advantage perceived by those who responded is that of the quality of life offered in Winnipeg. Of the 56 respondents, fifty per cent of them commented to the effect that Winnipeg offers a good quality of life, a relatively crime-free environment and that it is a good city in which to bring up a family. This coincides with the

evaluation of the statement discussed earlier that "Winnipeg has an even pace of life."

Convenience

The second advantage most often cited is that of convenience. Twenty-five per cent of the respondents commented to the effect that the city is large enough to have big city advantages and small enough to ensure easy accessibility.

Cultural and Entertainment Facilities

The next ranked advantage is that of cultural, entertainment and recreational facilities offered. Within Winnipeg itself is 5,772 acres of park and recreational land, and within close proximity are numerous lakes and rivers. Winnipeg also offers many cultural facilities, including the Royal Winnipeg Ballet, Manitoba Theatre Centre, Rainbow Stage, Winnipeg Symphony, Winnipeg Art Gallery as well as many festivals such as Folklorama, Festival Du Voyageur, and other held in the provincial urban centres of Dauphin, The Pas, Flin Flon, Morris and Gimli.

A previous question asked as to whether or not these facilities were factors affecting the decision of offices to locate in the particular city. A semantic differential scale of five was used to measure replies. With regards to entertainment facilities, 42.5 per cent felt it was a factor, 11.8 per cent were indecisive, and 45.7 per cent dis-

agreed. As far as cultural attributes were concerned, 45.9 per cent agreed that it was a factor, eighteen per cent elected to choose the third rank and 36.1 per cent disagreed. The final category of recreational facilities had 41.6 per cent of the respondents agreeing that it was a locational factor, 18.4 per cent not saying either way, while forty per cent disagreed. Of the comments offered pertaining to this question, some very important points were made. Some respondents felt that basically, business will locate where sales potential is greatest, and that none of the factors previously presented would prevent business from locating in an area. Others disagreed, and said that they could be relevant to some managers while one stated that they are life-style factors and as such are secondary to economic considerations, which to him was unfortunate. Nevertheless, one businessman did not overlook the fact that these factors, if inadequately provided, may cause the depletion of potential clientele, which is definitely a locational factor.

In sum, even though these factors may not directly affect the function of an office, they indirectly affect locational decisions in that these factors are very definitely involved in the locational decisions of employees and potential clientele. Business must locate where present and potential markets exist and this will often be where lifestyle factors are favourable. The same can be said of the housing and education factors which were mentioned as relative by 12.5 per cent and 5.4 per cent respectively. To reiterate,

lifestyle factors or psychic income factors do indeed play a part in the locational decisions of offices. On the average it would appear that Winnipeggers are content with the cost of utilities, transportation facilities, quality of life, intra-urban mobility, entertainment, cultural and recreational facilities, housing and education.

Reaffirming Results : Disadvantages

Introduction

The final question asked in this lifestyle factor section was:

"Personally, what are the major disadvantages of a Winnipeg location?"

Fifty-three responded to this question, resulting in 69 comments in all, due to the fact that some had more than one complaint. The results were tabulated and the following ranking was determined:

<u>Disadvantages</u>	<u># of Times Cited</u>	<u>Rank</u>
climate	32	1
limited opportunity	8	2
isolation	7	3
distance from major recreation area	5	4
entertainment level	3	5
population's attitude	3	5
taxes	2	6
parking	1	7
housing	1	7

<u>Disadvantage</u>	<u># of Times Cited</u>	<u>Rank</u>
roads	1	7
NONE	6	-
Climate		

It would appear from these results that the major complaint is that of climate. There is very little that can be done to compensate for this except to come to terms with the severe winters and remember the hot summers.

Limited Opportunity

The second major complaint can also embody the third and fourth ranked disadvantages of limited opportunity, isolation and distance from major recreational areas, and will be grouped under the heading of isolation. It was made sufficiently clear, that from an individual's career point of view, there is limited opportunity as compared to a larger city in that income opportunities are restricted, advancement is limited in some businesses whose head offices are located elsewhere, and employment alternatives are restricted for particular businesses. As far as the second component to this disadvantage factor is concerned, many respondents felt Winnipeg is isolated from other business activity centres. This in itself contributes to the limited opportunity component in that mobility is restricted due to sheer distance considerations. The last part is that of the long distances

from major recreational areas in the province for summer recreation and the long distance to ski resorts and warm climate in the winter. To conclude, the isolation factor causes limited business opportunity due to lack of mobility, and limited access to summer and winter recreational areas, again due to the isolation factor. The remaining disadvantages were mentioned so few times, that they do not warrant discussion.

FOOTNOTES : CHAPTER FIVE

- 1 As suggested by footnote 1 in chapter four, this response could be biased.
- 2 It should be noted that a relatively lower rent per square foot per month of office space in Winnipeg may be a result of a poor demand for office space and therefore a cost reflecting the demand. This could therefore be interpreted as a disadvantage rather than an advantage due to the fact that a lack of demand may be caused by a poor business climate.
- 3 Note that the office industry is to the most part a service industry. Development in the manufacturing sector of the economy would lead to an increase in demand for office services and thus development in the office sector of the economy. In many cases however, the office function is serving the needs of a larger multifunctional organization and thus are not servicing other businesses but itself. These office types too should be encouraged to locate in Winnipeg.
- 4 As with the rent fees demanded for office space in Winnipeg as compared to other Canadian cities, the housing costs also are less expensive. Again, this could be reflective of a lack of demand and therefore could be interpreted as a disadvantage rather than a locational incentive.

CHAPTER SIX

RECOMMENDATIONS

INTRODUCTION

To conclude this study, recommendations will be made as to how to improve the business atmosphere in Winnipeg to enhance the city's attractiveness to prospective office activities. Some of these recommendations may require further study and feasibility research before implementation, and are, therefore not presented as definitive policy measures. The recommendations can be conveniently subdivided into the following categories:

1. Government assistance
2. Government de-regulation
3. Office labour supply
4. Transportation and communication
5. Taxation
6. Investment
7. Lifestyle
8. Resource industry
9. Research facilities

Again, it must be emphasized that these recommendations are based on an interpretation of survey replies. The survey results take the form of both negative responses, which are

tantamount to a request for change, as well as positive responses which endorse a full scale program to enlighten the national and international business community of those positive aspects of a Winnipeg location. Not all negative aspects of Winnipeg's business atmosphere brought to light by this survey will be dealt with but only those that motivated a number of respondents to comment. These will be reinterpreted into the form of basic recommendations and will be dealt with now.

GOVERNMENT ASSISTANCE

Federal

The following recommendations involves federal government assistance, and can be described simply as "economic development incentives policy." Assistance programs of this nature have already been bestowed upon Manitoba business, however monetary allocations were granted to manufacturing and industrial firms and not office development. To illustrate, in August 1979, several Winnipeg firms received federal grants totalling \$550,341.00 which are expected to result in a total capital expenditure of \$2,178,394.00 and create 114 new jobs.¹ While in October, eight manufacturing firms received grants totalling 1,105,413.00 dollars which is expected to create 114 new jobs and total capital involvement of \$5,945,646.00.² The firms, grants and jobs created are as illustrated in Appendix Nine.

It is, however, fact that today's economy is generally characterized by a stable or declining number of jobs associated with the processing and transportation of natural resources and already manufactured goods due to the increase in technology and an increasing number of jobs associated with the processing and exchange of specialized information,³ which is to say the office industry. All levels of industry, from primary through to tertiary transmit growth and therefore with the high labour requirements of the office industry, it is essential to utilize the office function as an instrument of regional policy, and more specifically, along with the manufacturing industry, to control and direct the economy of Winnipeg.⁴

One further point is that office jobs require less capital expense per job created and so are more economic to use as development policy instruments.

The differences in cost per job created by government programs are alarming. It was found in the British example,

- "(a) that a capital intensive manufacturing industry (in this case the manufacture of paper and board), could well receive Development Area grants from the Exchequer totalling 13.2 million pounds whilst creating only 2,700 new jobs; an average Exchequer cost of 4,900 pounds per new job provided.
- (b) that a labour-intensive manufacturing industry creating 3,300 new jobs in Development Areas would, at the very minimum qualify for government assistance of 6.4 million pounds, an average amount of 1,900 pounds for each new job provided.
- (c) that the move of an office to a Development Area creating 1,000 new jobs may qualify for Government

Grants of only about 628,000 pounds (including a building grant for the company to construct its own office premises) an average of only 625 pounds per job created."⁵

If the federal government became involved, and controlled and directed office development to particular locations, perhaps regional and urban disparities could at least be partially dissolved. The federal government would indeed be overstepping its bounds however, if it attempted to compel private sector firms to locate or relocate in places other than their choice. It is feasible for governments to discourage location in areas already congested and this might be facilitated through decentralization of federal facilities to cities such as Winnipeg, in order to bolster employment and the economy.

The British Example : With Reference to the Canadian Situation

This attempt to distribute a country's office wealth, first occurred in Great Britain. Britain, the first country in the world to be heavily industrialized, found that a number of social and economic problems arose that were unprecedented elsewhere. "Certain interrelated trends - successive shifts in the nature and location of economic activity and demographic changes - have combined to put serious pressure on the resources of certain regions while others have not shared fully in growing prosperity."⁶ Evidence of this is found in the fact that forty per cent of Britain's popu-

lation, that is, around 23 million people, "now live within the area of an ellipse drawn across England enclosing south Lancashire and West Yorkshire at the north end, the London area at the southern end, and having the industrialized Midlands at its heart."⁷ It would appear then, that through the evolution of the urban and economic systems of Britain, it has developed a clustering of activity in the South East, and a pattern of migration from peripheral areas to the region containing London. An imbalance of population and economic activity has subsequently emerged. What has since occurred has been the congestion of buildings and the transport facilities of central London, which when finally becoming intolerable, led to urban sprawl and further problems.

The same type of poorly distributed development also occurred in Canada, resulting in regional economic imbalance and subsequent inequalities. The eastern cities of Toronto and Montreal dominated the economy solely until such cities as Calgary, Edmonton and Vancouver became increasingly important in today's economy. Stagnation too occurred in the peripheral areas such as the Maritimes, and the more economically isolated areas such as Manitoba and Saskatchewan. So, Canada, like Britain, suffers from a clustering of economic activity, resulting in the development of regional inequalities. However, here ends the similarity, due to the fact that, in response to the developments in Britain, effective action was taken.

The British, being more progressive than most other advanced nations in their attitude to government involvement in controlling the planning aspects of their nation, soon came to realize that this congestion and urban sprawl was creating an imbalance in the economic development of Britain, and reasoned that the use of the land must be controlled. A series of Regional Development Policies were then established as a means to geographically redistribute economic activity by inducing industry to move out of the more prosperous South East locations where congestion was a problem. The hoped-for destination of these movements were the more backward areas where unemployment and underdevelopment existed. Initial policy application occurred as early as the 1930's and were aimed at utilizing the social as well as economic resources of the country to the best advantage of the spatial economy as a whole.

During the early years of regional policy, the emphasis was placed on utilizing the industrial sector of the economy as a means of transmitting growth and development to the peripheral areas and thereby creating a more equitable redistribution of economic activity. While this was taking place, the office industry began to grow and flourish in the South East, due to the agglomeration advantages for such facilities of metropolitan locations. Subsequently, new job positions were created to handle the receiving, recording, arranging and giving of information, as well as the safeguarding of assets for both corporate head-office and government bureaucratic functions. To illustrate the growth in the

office sector, between 1911 and 1961, the proportion of the labour force involved in white collar occupations in Britain has increased from 18.7 per cent to 35.5 per cent.⁸ Owing to this development it would seem that decentralization policy should also have applied to the office sector, however, policies pertaining to the use of office activities as an instrument of development policy were late in coming into the planning scene, but at least they did appear eventually.

Through the use of decentralization policy, the cities who are now showing signs of sluggish growth, will become stronger in their infrastructure facilities and markets and will be able to attract private office sector business on its own merit. Up until now however, attempts to lessen regional disparity are aimed at relocation or expansion of industry. We have yet to acknowledge the economic importance of the office industry as a tool for stimulating growth and prosperity in the peripheral regions or less developed urban areas. Perhaps this look at Great Britain's situation and policy formulation regarding decentralization of office industry will give our provincial government an idea of how to approach the federal government to encourage its own decentralization, and how Winnipeg itself can attract private firms through sensible economic incentives programs.

It should be obvious, that in Canada, the federal government could not effectively discourage business wanting to locate in the more populous, developed areas, however they could offer incentives to firms who choose less attractive locations. Positive policy measures rather than negative

restrictive measures are needed. To illustrate the effectiveness of government office decentralization in Great Britain, this has been occurring since 1940, and has been more successful than that of commercial decentralization. Since 1965, any new government department created was encouraged to locate outside London, and long distance government decentralization of offices has contrasted with the predominantly short distances moved by commercial offices.

A definite fluid policy of office decentralization must be created. (Already Winnipeg has benefitted from the decisions to locate the Mint and Tax Centre in this city.) We cannot however expect the federal government to bestow upon Manitoba the grants and industry we need, for there are other provinces in greater need. The provincial and urban government of Manitoba must be the major thrust for development and growth of the economy.

Provincial

The second possible area of governmental involvement in office location is that of the provincial government's potential to attract office business to Winnipeg.

It would be possible here, for the provincial government to utilize some of the policy measures which the British government formulated when attempting to alleviate regional disparities in their country by decentralizing. Such decentralization policies can be adapted and utilized as in-

centive policies to attract business to Winnipeg.

Before steps can be taken to create incentives to attract office business, some background information on what attracts office business to particular locations, with reference to Great Britain's experience will be undertaken.

Great Britain's Example

Rhodes and Kan found that the main criteria used for choosing a new location were: satisfaction of communication needs; staff acceptability of the new location; and population to recruit workers from; suitable office premises; and finally a favourable premise according to the organization's preference. It is clear that many of these criteria are not taken into consideration in the development policies and incentives of Great Britain, and if they are, the total remuneration is not substantial enough to overcome the costs; be they financial or psychological.

Operating costs vary from one location to another. Rent for example decreases as one travel from central London and then rises again as the larger provincial cities are approached. Staff costs such as salaries are also reduced with decentralization. However, the larger the number of staff to move, the higher the inducements need to be, and therefore the lower the initial reduction in staff costs. The savings actually achieved depends ultimately on size of move and on the destination.

Another discouragement regarding decentralization

involves communication costs. Most offices place great stress on the communication difficulties which discourage them from decentralizing even part of their activities. These problems are however decreasing in importance with the new communication technology that is being developed.

"Most of the offices in the sample used by Rhodes and Kan noted that post-decentralization communication damages had not been serious and was less than expected. Indeed, there had been an actual improvement in intra-company communication because of the forced investment in modern, long distance, communication facilities."⁹

Decentralization also involves the costs created for moving equipment or purchasing new replacements. A further measurable cost are those employee-derived costs such as disturbance allowances, legal fees, short-term loans for house purchase, and removal expenses. As suggested earlier, these costs are not always totally covered by decentralization policy incentives.

Psychic income poses another problem in the creation of adequate policies in that it is a difficult factor to measure. Intangible though it may be, it is still a salient consideration, especially when it influences the selection of location for organizational headquarters. Locational decisions are, to a great degree, based on very subjective and value-laden factors, and according to Rhodes and Kan, only fifty per cent of the offices in their sample said that they gave close attention to the economic effects of

their decentralization decision.¹⁰

From this discussion it is apparent that those factors which affect locational decisions are widely varied, and the vital ones may differ from case to case. In the British case, incentives policies should be geared more to suit the needs of individual firms, in order to make decentralization a favourable alternative to central location.

The types of assistance offered in Great Britain were as follows: a 25 to 35 per cent building grant was available for those firms wishing to build their own premises as long as the location was in a development area; financial help with moving office equipment; financial help to relocate key personnel to the development area; and finally training grants for new workers recruited from the development areas.

In 1973 it was realized that the service industry was booming, and that it would be a major stimulant to growth, so a new policy was designed to provide grants to service industries who would move to Areas for Expansion. Aid consisted of a removal grant of 800 pounds for each employee moved with this work, up to a limit of fifty per cent of the number of additional jobs created in an area and a grant to cover 100 per cent of the approved rent of premises in the new location. The same help is given where premises are bought rather than rented.¹¹ A problem existed however, in the fact that these incentives were poorly publicized, and a "survey revealed that only a small portion of offices which had moved out of central London had given serious

consideration to a Development Area Location."¹² This had serious consequences because, as previously indicated, non-manufacturing companies create more jobs than industrial companies, but the former qualify for much less government financial assistance. With regards to the incentives offered, it was found that smaller commercial offices did not find it economically viable to move long distances. Larger offices "can often spread such costs amongst other activities included in the organization and indeed may be subsidized by other parts of the business."¹³

Winnipeg too should become aggressive offering efficient basic services at a minimal cost, promoting and utilizing to the fullest those locational amenities already available in Winnipeg and providing incentives or improvement programs to make our shortcomings less of a deterrent to potential clientele. The development of a new business will create employment, a tax base, and forward and backward linkages, all of which increase monetary circulation and spin offs. A small loss due to decreases in taxes etc., will be well worth it in the long run if businesses are attracted which will induce others to come.

Provincial Solicitation and Possible Government Assistance

Strong measures must be taken to solicit office business to Winnipeg. We must follow also the Canadian examples set such as that of Edmonton, which has a very aggressive policy to attract business to the city, offering

professionals to assist firms in location decision making, for example, the services of an Industrial Development Manager, Commercial Development Manager, Market Research Manager and Economic Research Manager, along with an extensive list of published material geared to particular prospective business. These services are all free and confidential and also include site selection assistance, market research data and economic data which often serves as input for feasibility studies and discussion papers as well as logistical assistance in establishing new business. Such services in Manitoba could be offered through the government perhaps in conjunction with the University of Manitoba.

Encouraging suitable offices to locate in Winnipeg can be used as an effective policy instrument for creating growth and development in the city. What should be done is those firms which could possibly find a market, or equitable working environment in Winnipeg will be contacted and questioned as to why they have not already located or if located, expanded in Winnipeg, and what possible government incentives could induce them to come here. Their demands will then be compared to what the government could offer, and the situation assessed as to the feasibility of using government development incentives as an instrument for attracting office industry through such means as improving existing facilities and infrastructure and by offering incentives connected with labour supply, taxation, communications and transportation costs as well as building and rental incentives. If the cost of encouragement is less than the

benefit of employment and income spin-offs, the office should be encouraged to locate or expand in Winnipeg.

The provincial government should, as was indicated by my survey results and by Great Britain's example, improve information circulation concerning those forms of government assistance already provided. The business community cannot utilize what it doesn't know about. In many cases firms wishing to expand and who probably could do so with some form of government assistance, may not, due to a lack of knowledge of such aid.

Again, as was suggested by the British experience, incentives offered should be tailored to the needs of the firm which the city of Winnipeg is attempting to attract. Also, the larger offices may be more able to locate away from the mainstream of economic activity due to their own communication networks and higher technological development. It would appear that from survey results, and from studying those incentives in Great Britain, the major types of incentives which should be offered by the provincial government to attract office business and to assist existing business to expand should be concerned with:

- 1) Tax Incentives
 - a) for newly establishing some form of tax relief is in order.
 - b) for existing business, some form of tax reinvestment credit is required.
 - c) overall, small business tax should be decreased.
- 2) Employee Training Incentives

- 3) Assistance in Relocating Key Personnel
- 4) Assistance in Setting up Communication and Information Network
- 5) Assistance in Purchasing or Renting Premise.

To further discussion on this last point, with reference to site selection, perhaps something novel could be worked out in the manner of assistance in setting up and redesigning the interior of historic buildings to suit the needs of its tenants or owner. The co-operation of the Manitoba Historical Society, University of Manitoba architectural department, the office firms themselves and the Provincial Government would obviously be relevant here. Some sort of cost sharing project could give a firm a better office environment in a prestigious building while at the same time, resurrection and protection of a historical site is taking place. (see Appendix Ten, for a list of historic buildings in Winnipeg)

To conclude this discussion, a synthesis of those ideas put forth will be made. To begin with, it is evident that attention cannot be totally turned to office firms in terms of growth in the city of Winnipeg and that both manufacturing industries and office industries should be encouraged to locate in the city.

What I propose is that a group of professionals as well as government officials be created, to formulate and execute an organized plan to promote the City of Winnipeg to prospective business, be it industrial or office firms. Such a group of professionals would include a representative from an interested architectural firm, construction firm,

real estate firm, marketing consulting agency and members of the business community who could profit from the acquisition of such sought after firms. Members of the government with the power to offer locational incentives are also an important part of such a group. To sum up, this group of professionals with both private as well as public representation would be responsible for attempting to solicit business to Winnipeg.

Such solicitation would have to be adopted to encourage non-routine locational decisions by widening the scope of knowledge of the multilocal and multifunctional organizations. As discussed earlier, most organizations do not search for new information to influence locational decisions and thus rely on past precedents. We must, by way of this collective of professionals, infiltrate their information system and encourage these multilocal and multifunctional organizations to at least consider a Winnipeg location as a viable alternative in their decision-making process.

In depth research as to which business organizations should be contacted will be necessary. Such research would have to include an indepth study of available agglomeration economies and the forward and backward linkages available to those businesses being sought after. Subsequent dealings should be of the personal face-to-face type and an orientation nature. Special promotional material geared to each prospective organization should be utilized; especially specialized visual promotion. Other major urban areas in Canada publish extremely attractive brochures advertizing

the favourable aspects of their city and province. Winnipeg should follow the examples of Edmonton and Victoria in promoting aesthetic attractions, as well as Montreal and Edmonton's examples in emphasizing economic potential. Once interest in Winnipeg is apparent, prospective clientele should be brought to Winnipeg and an orientation of the city given. Possible sites, business contacts etc., should be included as well as a tour of housing, entertainment and recreational facilities.

Once genuine interest is evident on the part of the prospective client, government representatives may begin to determine and negotiate possible locational incentives such as those referred to in the discussion of Great Britain and those in proceeding discussion. Collaboration between the private, public and client personnel is essential to reach a suitable development plan. Perhaps if enough businesses were interested, an industrial park could be planned with self-contained recreation facilities and service industries such as a bank, restaurant, drug store, office service firm etc.. Such a complex could appear as shown in Appendix Eleven. Winnipeg has a severe climate and because of this many people have a negative opinion of the city, such office and industrial complexes could very well compensate for the environment by providing a favourable working environment, as well as the facilities for the employees and management to recreate in the cold and hot seasons. With the rise of the positive attributes of good health and attitude and this effect on subsequent productivity of

employees, such as a complex could be beneficial to all concerned. Before such a complex can become a reality, all tenants must be guaranteed. Clean industrial types will be a prerequisite and fad production units will be denied. It would be preferable if the manufacturing and office industrial types were those involved in the development of technological advancements in the business. In this way the product would be innovative and not the type of production unit which would soon become obsolete. Permanency is essential, due to the fact that these facilities will be made to order and will be difficult to adapt if vacated.

If such an endeavor is too grandiose for a first project, perhaps a smaller less involved project in which an office firm could be induced to locate in Winnipeg, utilizing a renovated historical building for its working premise would be in order. Such an office building would be adapted and renovated so to satisfy those needs particular to the type of office moving in. A cost-sharing project with the government could be worked out and certain concessions made to decrease operating costs, these dependent on office needs. Many office firms desire a prestige location and such revamped historical buildings could both suit the office's needs as well as saving historic sites by making them a viable office structure rather than unused.

All in all, this personal touch, combined with tailor-made incentives, just may encourage big business to locate a branch or regional office in the city, and this would be well worth the effort considering that employment would be

increased and as such so would monetary circulation.

GOVERNMENT DE-REGULATION

The issue of whether there is too much or too little government regulation seems to vary in importance to the public, depending on the political party in power. This discussion will not attempt to take sides as to whether government regulations are good or bad for business, it will merely reflect the opinions of those office firms surveyed as to their stand on the system of government regulations currently being enforced.

To begin with governmental regulations are no good to any business except that by regulating one's activity, others are allowed to function, such as in the anti-combines legislature. Such regulations which keep competitiveness within the market by controlling price fixing is indeed good government regulation. This along with many other pieces of legislation such as that which regulates advertizing so that the consumer is protected from false advertizing can be termed consumer protection legislation. In such cases however these businesses could be self-regulated by such bodies as the Better Business Bureau. Perhaps however, even these such organizations should be allocated a government official so to ensure both private and public needs were protected.

Attempts to redistribute regulatory authority from governmental to private agencies so to eliminate some

regulations altogether, would enhance the position of any government in power, in the eyes of the office community. This statement is valid when one considers previous discussion concerning government regulation in Chapter Five, where the major complaint of government regulation was of excessive control. Currently, the Province of Manitoba is indeed working on this problem and according to a statement made by the then Consumer Affairs Minister, Warner Jorgenson on October 9, 1979, "Manitoba is looking for ways to deregulate the market place and allow business to police themselves."¹⁴ It would seem that the first major complaint of the office firms concerning government regulation also has the attention of government sectors as well.

The second major complaint associated with government regulations, referred to in Chapter Five, is that of excessive paperwork required by the government of the office sector. According to Jorgenson:

"The Canadian business community spent six billion (dollars) last year filling out government regulation forms, Jorgenson said, explaining that some of the paperwork may have not been necessary."¹⁵

Once government regulations responsibilities can be divested to private bureaus and overseen by government to some extent, both the negative attitude to government regulation and the excessive paperwork may be decreased.

Such an experimental program has been undertaken in Southern Ontario where the Better Business Bureau will set up a voluntary board to arbitrate disputes. Perhaps such

a system could operate in Manitoba. Nevertheless, government should watch over the operations so that the interest of the consumer and supplier are fairly weighed. Jorgenson described such a regulatory authority as the Better Business Bureau as a "market place ombudsman between businessmen and consumers and applauded the bureau's efforts to mediate disputes between buyer and seller and educate the public in consumer matters." 16

OFFICE LABOUR SUPPLY

As discussed earlier, the City of Winnipeg has a more than adequate supply of qualified office labour available for employment. This attractive incentive to potential office business is offset by three apparent shortcomings of this city's labour supply. These are:

- 1) A limited supply of good managerial material
- 2) A need to retrain staff due to a lack of specially trained personnel.
- 3) And finally, a limited number of creative and innovative people in the job market.

These constraints effect different office firms varying in degree. Nevertheless, any locational factors which can not favourably compete with other Canadian urban areas vying for office business, are worthwhile considering by way of eliminating or controlling these situations.

With respect to the limited supply of good managerial material, the concensus is that many businesses find that

graduates from Manitoban Universities are not taught to think for themselves. Perhaps a particular cost-share program could be created to encourage firms to promote indigenous personnel to managerial positions rather than hiring from outside of the province. Such assistance to share the cost of preparing these employees for managerial positions would not be made available to any firm who wishes to promote staff, but only to those who can sufficiently show that it would be more economical for them to bring someone into the province. In such cases, training assistance would be available, the degree of which, dependent on individual situations.

In situations where further education requires the university level evening courses, costs could be shared by both the firm and the government. For example the University of Manitoba offers a four year management training program in the evenings and this is associated with the Canadian Institute of Management. J. Mark Westaway, President of this organization claims that C.I.M. produces "a broader base of decision making, by supervisors and managers."¹⁷ Currently 250 are enrolled in the classes held at the University of Manitoba. C.I.M. "... adjusts its program content to keep in tune with the times and business demands, Westaway says. To this end, C.I.M. offices consistently survey employers and their workplaces."¹⁸ If the government became involved in sharing the expense and upgrading employee's education, they too should be involved in controlling course work offered. With both public and private regulation

of coursework, updated continuously, a relevant educational system for the worker wishing to improve his education as applied to his profession, will be available at a reasonable expense.

It would appear that government programs in assisting employers to put potential managers through this up-grading will be beneficial to both, by equipping the business and society, with a better trained business person. The more efficient the office the less expensive the product.

The second major constraint is tied very closely with the first. This involves the need to retrain staff. Many office firms find that educational training does not sufficiently prepare staff for the job functions which they are employed to do. Specialized job functions and those susceptible to high turnover rates justify this complaint. Business find it both frustrating and expensive in both time and money to have to train staff which should already be qualified for the job, and doubly so, to retrain and replace employees in positions where high turn over rates occur. Again as with managerial training assistance, many office firms suggested that some form of cost-sharing could be implemented in training these employees which the public educational system either at a secondary or university level have in some ways, short changed in their education. On the job training, if such training is not available from other educational institutions, should be subsidized by government. In this way specialized office functions who would otherwise shun Winnipeg may be induced to locate here.

Perhaps an investigation into our education system starting at the elementary level and finishing with the university curriculum should be undertaken. An updated emphasis should be made on the basics, which recently have been neglected. I am referring to reading and writing skills. I myself find students at the university level lacking such basic skills and to an embarrassing degree. Also I might add, that teachers should be screened much more thoroughly in that too many are allowed to teach who are not capable. If our educational systems run rampant with both an irresponsible staff and a curriculum which neglects its most basic objectives, how can responsible personnel be provided for both business and society? This comment may appear harsh, however with cut backs in the educational system, let us make sure that the more highly motivated teacher is not being layed off while a less able person kept on.

The university curriculum should also undergo some scrutiny in that applied courses should be emphasized in all faculties and less practical excercises discouraged. In other words, faculties such as Commerce should fully prepare its graduate for the business community by giving them practical as well as theoretical exercise due to the fact that the universities appear to be negligent of applied skills as was evident in opinions aired in this survey.

The final labour constraint mentioned, that of creative and innovative personnel, ties into the second constraint. This problem is not, however, due to a poor educational system

but rather to a low demand for such personnel and the consequent migration of these people to the places of demand, such as Toronto and Vancouver. Perhaps if such industry were encouraged in Winnipeg there would be an influx rather than outflow of creative and innovative people, and subsequently businesses in Winnipeg could rely on for instance local advertizing firms to be able to provide the entire gamut of ancillary services offered in the other major cities such as jingle writers and commercial production. Surely Winnipeg business would rather oversee advertizing and promotion projects in Winnipeg than incur travel expenses and the feeling of being at the mercy of advertizing firms in launching such projects?

Perhaps if the federal government seriously attempted to decentralize Canadian Broadcasting Corporation functions, more facilities for filming etc., could be brought to Winnipeg. An attempt should be made to solicit creative business such as film production to Winnipeg, and it could be started by increasing the C.B.C.'s role in Winnipeg, in this way the talent from Manitoba could remain and work here.

All three labour constraints are probably not serious. Yet by improving the situation and making it known to the business community of possible assistance grants along the lines suggested, perhaps this would be sufficient incentive to encourage specialized office firms or even research firms to locate here.

TRANSPORTATION AND COMMUNICATION

A further recommendation is to improve Winnipeg's available interurban transportation and communication facilities. As was mentioned earlier in Chapter Five, one shortcoming in Winnipeg's transport facilities is that of a limited number of non-frill flights during business hours between Winnipeg and other major Canadian cities. A careful analysis of when and where flights should be made available could be carried out resulting in either an increase in regular flights available on the commercial airlines, or special taxi service run by individual pilots or an organized service amalgamating these pilots into a more reliable efficient and less costly service. Making major cities accessible to business firms in Winnipeg makes locating here much more attractive due to the fact that poorly timed connections both waste time and money, neither of which an efficiently run business wants to do.

To illustrate the importance of transportation linkages, "The functioning of major headquarters' office units in Boise Idaho has also been made viable by the commercial airline services available to that geographically isolated metropolitan area."¹⁹ Departures in the early morning and evening returns, to the major metropolitan areas such as Los Angeles, Chicago and New York, permit a full day's business to be conducted. "In addition, Boise Cascade Corporation had acquired a fleet of small jet airplanes of its own."²⁰ (Boise Cascade Corporation is a multilocational organi-

zation headquartered in Boise with branches out of the country.)

These flights have made a metropolitan area, isolated geographically from the major business centres, a viable location for head offices of multilocal organizations, conducting world wide business, due to one day accessibility to other major business units within the country.

"Smaller metro centres (such as Boise and Winnipeg which are situated in high-unemployment or physically remote regions are often viewed as especially inappropriate for the high-level administrative units of large multilocal business organizations which typically have a far-flung pattern of internal and interorganizational contacts."²¹

With the implementation of a more appealing flight schedule for the business community, either by increasing the number of non-frill flights on commercial airlines, or by creating an air taxi service, Winnipeg, following the example of Boise, may improve its image as a possible location for offices of these multilocal organizations.

One further necessity of office organizations which Boise improved upon and which Winnipeg could do the same is that of communication and information exchange. In the case of Winnipeg, survey replies indicate that more up to date data and communication networks are needed by the office sector. Perhaps we may learn from Boise's experience, where the setting up of an ultra-modern communication network, made it possible for two growing multilocal organizations to stay in that city, and still oversee their world wide branches. Boise Cascade Corporation

decided to remain in Boise and adopted measures to compensate for the city's contact limitations in addition to increasing transportation connections. They established an extensive video-telephone network to link the major units spread across the U.S.A.. "In addition, Boise Cascade instituted the practice of holding periodic seminars for managers in four or five cities simultaneously by pre-distributing up-to-date videotaped reports from top officers and arranging for conference telephone hook ups immediately after viewing."²² This greatly simplified business operations. It is not inconceivable that Manitoba Telephone Systems could follow suit and offer such services at reasonable prices to existing office firms, and the government could then use this as incentive for offices to locate in Winnipeg by giving a special rate on such services to the firms, for a period of time.

Not only should sophisticated communication services be installed, but also the more traditional, heavily utilized services such as telephone and telex should perhaps have their rates lowered as a locational incentive to new incoming business.

In summary, existing office business should be given the opportunity to update communication services at a cut rate thereby improving their operations. While new prospective business should also be offered such incentives as well as a decrease in the rates of telephone service for say a reasonable 'start-up' period. Such incentives may in the short term seem expensive, but in the long run, if

business is attracted, then M.T.S. has new customers and will benefit.

TAXATION

Manitobans are among the highest taxed in Canada, especially businesswise. In Manitoba we must create a climate in which the incentive is there to make a profit. In other words, a market for their product, as well as an infrastructure supplying the needs of an office industry must exist. This can partially be accomplished through some form of tax alleviation both for business and personal tax concern.

Currently Manitoba's corporate tax on small business of eleven per cent is average as compared to Ontario's which is ten per cent, B.C.'s which is twelve per cent and Saskatchewan's which is eleven per cent. However, compared with Alberta's which is five per cent, it is high. This tax should be lowered and special reinvestment credits offered. This will encourage reinvestment in business for improvements and expansion. Normal business taxation should also be decreased to make Manitoba more competitive. Currently our tax is fifteen per cent compared with Alberta's which is eleven per cent, Ontario's which is thirteen per cent, Saskatchewan's which is fourteen per cent and B.C.'s which is fifteen per cent.²³

INVESTMENT

We must try to encourage investment, by promoting sound investment opportunities. Perhaps the government could start a business itself and sell shares so that everyone could be able to invest while at the same time the price paid for the stock will be guaranteed if it falls through. It might be an interesting idea to get people starting investing money who never would before. It would of course have to be a very sound venture with an limited risk such as in the case of minerals. We should attempt to find and mine our own resources so that the monies stay in the province. In this way should the government decide to encourage or develop such a venture, instead of using tax resources, with no hope of direct remuneration to the public, other monies can be utilized and should the venture fail, tax monies may be used to cover the losses. The public will be given an opportunity to invest at no risk. Shares should be as inexpensive as a lottery ticket and a limit on the number of shares available to each investor will eliminate private control of the stock. The stock should be promoted as simply as a lottery ticket, orienting Manitobans to invest by offering them a guaranteed chance for the price of a Loto Canada ticket. Perhaps with success in one investment venture, Manitoban's purse strings will loosen and this province's investment capital will increase, benefitting the economy.

LIFESTYLE

As discussed in an earlier chapter, lifestyle is indeed a locational factor and closely associated with it is that of environment and recreational facilities. While Winnipeg is not as blessed as other cities are perceived, it nevertheless has its own favourable characteristics, and with proper measures it could be made more attractive. For instance, the government could remove Provincial Sales Tax from all recreational goods, the rent of such goods, and the cost of using parks, campgrounds and sports facilities.

Winnipeggers from all walks of life should benefit and be encouraged to recreate. Everyone should be made aware of and given easy access to recreation facilities. In order to compensate for this loss in revenue, taxation should be increased on nonessentials and potentially health hazardous goods such as cigarettes, liquor, guns, luxury automobiles, etc..

Park facilities within Winnipeg should also be protected and increased if possible. Winnipeg has but half the park area of Edmonton, and due to the fact that cities such as Edmonton and Victoria use their parks as locational incentives in their promotional material, Winnipeg should improve her facilities. Such amenities are definitely a sales point to potential business and city dwellers. As a matter of fact, in Boise, the physical environment and outdoor recreational facilities available, played a key

role, "when mergers, acquisitions and internal expansion led to a burgeoning scale of total operations in the 1960's, at least two of Boise's leading business organizations contemplated relocation of their headquarters to much larger metropolitan complexes such as Chicago, San Francisco, Oakland, San Jose or Portland."²⁴ However this did not occur due to the fact that Boise had attractive physical elements which would continue to attract young personnel and therefore relocation was rejected. With a little work, perhaps Winnipeg could be made physically more attractive by increasing accessibility to summer and winter recreation facilities and thus decreasing isolation.

Our lifestyle should be promoted to tourists and business travellers as well as potential office clientele. Newspapers should include one positive article or picture on the front page each day, so that Winnipeggers and non-Winnipeggers see an aspect of the city which is positive. So much is missed, that we have to offer by both residents and visitors due to the fact that such offerings are buried in the papers. Also, business and pleasure travellers should receive good brochures promoting Winnipeg so that all positive aspects are enlightened. Update promotional material and perhaps gift visitors to major hotels with theatre tickets, symphony tickets, passes to Jets games etc. We must make Winnipeg a great place to visit, and orient the traveller to the city so to encourage their return.

RESOURCE INDUSTRY

One possible area in which head offices or regional offices could be attracted to Winnipeg is that of mineral and resource firms. In many cases, firms whose mining activity is concentrated in Manitoba, have their head offices in other cities. Such firms should be encouraged to move or, at least, open regional offices in Winnipeg. Resources and employment should create income for Manitoban's.

This situation is even more apparent with the recent report, that "mine claim staking in Northern Manitoba is up by about 75 per cent in the first ten months of this year (1979) as compared with the similar period in 1978."²⁵

Government de-regulation and decreases in the tax royalty, definitely had something to do with this boost. Bruce Dunlop, a consulting geologist from The Pas, and a long time northern prospector said that, "as well as eliminating the controversial two-tier royalty tax system and the provision forcing private companies into partnership with the province on projects of more than \$10,000 if the government so chose, decreasing the cost of recording claims and blocks of claims, the new regulation made 'the prospector feel he is once again an important spoke in the mineral exploration wheel.'"²⁶ New exploration brings more jobs in the field. Some firms have offices in Manitoba, however many do not. The majority of companies have their head-offices located elsewhere, such as those cited in Appendix Twelve.

Those companies with major mining operations in Manitoba should be encouraged to locate branch offices or regional offices in Winnipeg to oversee operations. To make supervision easier, an air taxi service between Winnipeg and outlying towns and mining camps should be created. This taxi service should be made available to any office firm operating from its office in Winnipeg, who needs to conduct business in other urban and rural areas in Western Canada. Such transport availability would be a locational asset to Winnipeg's position as an alternative office location. The scheduling and costs of such flights would be dependent on an indepth study of such needs in Winnipeg's business community.

One further suggestion concerning Manitoba's resource development is that dealing with hydro-electric power. Not only should out-of-province power sales be encouraged, but also should in-province utilization. Energy-hungry industry which is non-polluting, should be attracted to Manitoba both indirectly, to tap inexpensive power and directly through some form of tax incentive. New office and home heating systems should be electric and with the advent of incentives to owners of gas heated homes to switch, the hydro rates should be frozen for an additional three to five years so that those converting and those purchasing new, will feel much more secure about their investment. Clean, renewable resources such as hydro-electric should be promoted for the betterment of Winnipeg.

RESEARCH FACILITIES

There is one type of function which should be discussed independently from office functions, and which may not require many business related incentives; namely Research Institutions. Many cities have already capitalized on this growing function of multilocational organizations. Research parks devoted to studies related to surrounding geological, economic geographical or industrial functions, or those unrelated such as medical research facilities demanding few functional linkages should be encouraged to locate in Winnipeg, again by utilizing a collective of professionals soliciting such facilities by promoting Winnipeg's assets. Assistance and incentives should be made available in the form of site selection, various cost cuts for rent or purchase of premise, power provision, equipment support, employee training and, of course, tax relief. This consideration should not be overlooked, especially as most multilocational organizations have research facilities and that these need not be located in the hub of any economic activity.

Also somewhat related to research is the fact that local business requires research in some form at some time or another. Many of these businesses are too small and limited in functional linkages to have their own research branch or facility, therefore it would make sense to encourage joint research projects between business and the university in both industrial and office businesses. The cost should be kept

low to be affordable by business. This is already done to some extent in Manitoba, but is not very successful due to the high cost and length of time to undertake such projects. This kind of research co-op is done in London, Ontario and is very successful. Hopefully our business community and the universities could follow suit, offering inexpensive and expedient research facilities.

FOOTNOTES : CHAPTER SIX

- 1 Winnipeg Free Press, "Winnipeg firms get Ottawa Aid," August 16, 1979.
- 2 Winnipeg Free Press, "City firms get federal grants," October 11, 1979.
- 3 Allan R. Pred, City-Systems in Advanced Economies, (Hutchinson Press, London, 1977) p. 25.
- 4 As noted earlier, technological development in the office sector may decrease employment requirements as with the manufacturing industry, replacing man with machine.
- 5 J. Rhodes and A. Kan, Office Dispersal and Regional Policy, (London : Cambridge University Press, 1971) p. 80.
- 6 Ibid., p. 16.
- 7 Regional Development in Britain, (Reference Division Central Office of Information, May 1976) p. 1.
- 8 P.W. Daniels, Office Location, (G. Bell and Sons Ltd., London, 1975) p. 1.
- 9 Rhodes and Kan, 1971, p. 173.
- 10 Ibid., p. 27.
- 11 P.W. Daniels, 1975, p. 1.
- 12 Rhodes and Kan, 1971, p. 78.
- 13 P.W. Daniels, 1975, p. 178.
- 14 Winnipeg Free Press, "Province seeks self-policing of business, " October 10, 1979, p. 16.
- 15 Ibid., p. 16.

- 16 Loc. Cit.
- 17 Wally Dennison, "C.I.M. training up-grades management skills," (Winnipeg Free Press, October 9, 1979) p. 15.
- 18 Ibid., p. 15.
- 19 Allan R. Pred, 1977, p. 205.
- 20 Ibid., p. 205.
- 21 Ibid., p. 203.
- 22 Ibid., p. 204.
- 23 see Appendix
- 24 Allan R. Pred, 1977, p. 203.
- 25 Bob Lowery, "Manitoba mining exploration up," (Winnipeg Free Press, November 12, 1979) p. 29.

APPENDIX ONE

MEETING RECORD

- 1 How long did the meeting last?
 2-10 minutes
 10-30 minutes
 30-60 minutes
 1-2 hours
 more than 2 hours
- 2 Was the meeting arranged in advance?
 not pre-arranged at all
 arranged on the same day
 arranged the day before
 arranged 2-7 days in advance
 arranged more than 1 week in advance
- 3 Who initiated the meeting?
 myself/another person in my firm
 any person outside the firm or any other organization
- How many people apart from you were at the meeting?
 one other person
 2-4 people
 5-10 people
 over 10 people
- 4 there was only one other person at the meeting.
- What is the work address of that person?

- What is the nature of business of his firm?

- 5 there was more than one other person at the meeting please complete the details overleaf.
- How often on average do you have a meeting with this person or particular set of people?
 daily
 about once a week
 about once a month
 occasionally
 first contact
- 8 What was the main purpose of the meeting?
 give order or instruction
 receive order
 to give advice
 to receive advice
 for bargaining
 to give information
 to receive information
 to exchange information
 for general discussion
 others
- 9 What was the range of subject matter discussed?
 one specific subject
 several specific subjects
 range of general subjects
- 10 Was the meeting concerned with the purchase of sale of goods or services.
 directly concerned with
 indirectly concerned with
 not at all concerned with
- If the meeting took place outside you place of work:- /
- 11 What is the address of the meeting place?

- 12 What was your principal method of transport from your office or previous meeting place?
 walk
 bus
 private car
 taxi
 underground
 train
 plane
- How long did this journey take?
 less than 10 minutes
 10-30 minutes
 30-60 minutes
 1-2 hours
 more than 2 hours

APPENDIX TWO

SIZE AND SECTOR DISTRIBUTION OF FIRMS CO-OPERATING IN THE SURVEY
OF OFFICE COMMUNICATIONS

SECTOR	SIZE GROUPS				SAMPLE %	NO. OF DIARIES	PERCENTAGE OF DIARIES	OFFICE EMPLOY- MENT%
	1-25	26-100	100+	TOTAL				
primary industry	-	1	-	1	1.4	1	0.1	0.4
food, drink and tobacco	-	-	1	1	1.4	9	1.3	0.8
chemicals and allied industries	-	3	4	7	9.7	135	19.1	5.2
metals and other metal goods	1	-	-	1	1.4	1	0.1	0.8
engineering	1	-	4	5	6.9	54	7.7	3.6
other manufacturing	-	-	2	2	2.8	31	4.4	1.0
printing, paper and publishing	1	-	1	2	2.8	24	3.4	5.2
construction	-	2	1	3	4.2	26	3.7	2.7
gas, electricity and water	-	-	2	2	2.8	19	2.7	1.4
transportation and communications	-	2	-	2	2.8	3	0.4	8.6
wholesale distribution	-	1	1	2	2.7	5	0.7	4.8
retail distribution	2	1	1	4	5.5	14	2.0	2.9
commodity dealing	3	-	1	4	5.5	11	1.6	4.8
insurance	-	3	3	6	8.3	44	6.2	10.7
banking	-	2	4	6	8.3	113	16.0	10.3
other finance	1	2	2	5	6.9	67	9.5	6.1
professional and scientific services	1	1	2	4	5.5	44	6.2	11.6
business services	1	1	4	6	8.3	49	7.0	7.3
clubs, societies and associations	1	1	1	3	4.2	8	1.1	4.5
entertainment	2	-	3	5	6.9	44	6.2	5.3
miscellaneous	1	-	-	1	1.4	3	0.4	0.8
total number of firms	15	20	37	72				
percentage of sample in each size group	21	29	50					
percentage of OSRP employment in each size group	23	27	50					

Source : J.B. Goddard, Progress in Planning, 1973, p. 158)

APPENDIX THREE

THE CHARACTERISTICS OF TELEPHONE AND MEETING CONTACTS

	TELEPHONE %	F/F %
LENGTH OF CONTACT		
2-10 minutes	87	19
10-30 minutes	12	29
30-60 minutes	1	19
1-2 hours	0	18
more than 2 hours	1	15
ARRANGEMENT OF CONTACT		
not arranged	83	17
same day	9	13
day before	4	12
2-7 days	2	13
more than week	2	27
INITIATION OF CONTACT		
myself/another person in firm	52	49
person outside firm	48	51
FREQUENCY OF CONTACT		
daily	18	14
once a week	23	10
once a month	14	13
occasional	34	38
first contact	11	25
RANGE OF SUBJECT MATTER		
one specific subject	84	57
several specific subjects	15	35
wide range of subjects	1	8
CONCERNED WITH SALES OR PURCHASES		
directly	36	38
indirectly	23	25
not at all	41	37
MAIN PURPOSE OF CONTACT		
give order or instruction	13	7
receive order or instruction	3	1
give advice	5	6
receive advice	9	5
bargaining	3	8
give information	11	7
receive information	26	9
exchange information	20	28
general discussion	7	13
other	5	16
TOTAL NUMBER OF CONTACTS	5266	1554

(Source : J.B. Goddard, Progress in Planning, 1973, p. 185.)

OFFICE LOCATION SURVEY - 1979

Please answer all questions to the best of your knowledge. If you are unsure of an answer please do not hesitate, in giving an estimate. Also, in many cases you may be unable to respond to a particular question with which you have had no previous dealings with the topic. In such cases, I would appreciate it if you could give your own opinion, as a professional.
Thank you.

PART 1 : RESPONDENT INFORMATION

1. Please simply explain the major functions of your office.

2. Does this firm belong to a larger organization? YES NO
If YES, what are the other major firms in this organization?

3. What position does this office hold in the hierarchy of your organization?

4. Where is your organization's head office?

5. If you have other Canadian offices, is Winnipeg's small, medium or large as compared to them?

PART 2 : OFFICE SPACE INFORMATION

1. What is the size in square feet, of the office space your firm occupies at this location?

Do you feel that the availability of suitable office space in Winnipeg is a factor which favoured a Winnipeg location? YES NO
Any Comment?

Do you rent your office space?

YES NO

If the reply to question 3 is YES, answer questions 4, 5 and 7. If the reply is NO, answer questions 6 and 7.

4. What rent do you pay per square foot per month? _____
5. Why do you rent and not purchase your office space? _____

6. Why did your company decide to purchase the office space? _____

7. If your firm is part of a larger organization, as a rule, does the company generally rent office space in Canada, or purchase office space?

PART 3 : EMPLOYMENT AND EDUCATION

1. How many full time employees are presently on staff? _____
2. How many part time employees are presently on staff? _____
3. Do you feel that Winnipeg has a good indigenous supply of key human resources necessary for economic growth and development? YES NO
4. Please rank the following constraints on firm size and growth from the most important to least important, as they apply to your firm.
____ Overall high wage rates
____ Overall low worker productivity
____ Overall poor attitude of workers
____ Need to retrain staff due to inadequate education
____ Limited supply of creative and innovative people in Winnipeg
____ Limited supply of good managerial material
____ Limited supply of skilled female workers
5. Please list the different types of occupations employed in your office. The way in which you categorize the job functions is left completely to your own discretion. I do ask however, that you make the job descriptions as detailed as possible. (ie. secretarial, clerical, sales, managerial etc.)

1) _____

2) _____

3) _____

4) _____

5) _____

6) _____

Others _____

Now, for each occupation listed in question 5, please specify the occupation in the space provided on the following question sheets, and answer the questions for each category. Use 1 question sheet per job type.

OCCUPATION _____

1. How many staff do you employ in this occupation? _____
2. What percent are male? _____ What percent are female? _____
3. What percent require only a high school education? _____
4. What percent require post secondary education? _____
5. Did you find it necessary to recruit staff from outside of the province of Manitoba? _____ YES _____ NO
If YES, please specify why. _____

6. Wage rates for this particular occupational group in Winnipeg is a factor strongly favouring a Winnipeg location.

AGREE DISAGREE

7. The supply of suitable staff available in Winnipeg to be employed in this particular occupation is a factor strongly favouring a Winnipeg location.

AGREE DISAGREE

8. How do you go about hiring such staff? Please give an approximate percentage of those recruited from the following institutions, or rank the institutions in order of importance in supplying recruits, from most important to least important.

- ___ Red River Community College
- ___ University of Manitoba
- ___ University of Winnipeg
- ___ Success Business College
- ___ Hertzing Institute
- ___ Technical Vocational Schools
- ___ High School
- ___ Others, please specify _____

9. Do you feel Winnipeg's educational facilities give adequate training to those applying for this occupation? _____ YES _____ NO

If NO, please identify the shortcomings of the training system.

10. Do you feel this occupation commands a wage that outruns the skill and productivity of the employee? _____ YES _____ NO

11. Any Comment? _____

OCCUPATION _____

1. How many staff do you employ in this occupation? _____
2. What percent are male? _____ What percent are female? _____
3. What percent require only a high school education? _____
4. What percent require post secondary education? _____
5. Did you find it necessary to recruit staff from outside of the province of Manitoba? _____ YES _____ NO
If YES, please specify why. _____

6. Wage rates for this particular occupational group in Winnipeg is a factor strongly favouring a Winnipeg location.

AGREE DISAGREE

7. The supply of suitable staff available in Winnipeg to be employed in this particular occupation is a factor strongly favouring a Winnipeg location.

AGREE DISAGREE

8. How do you go about hiring such staff? Please give an approximate percentage of those recruited from the following institutions, or rank the institutions in order of importance in supplying recruits, from most important to least important.

- ___ Red River Community College
- ___ University of Manitoba
- ___ University of Winnipeg
- ___ Success Business College
- ___ Hertzing Institute
- ___ Technical Vocational Schools
- ___ High School
- ___ Others, please specify

9. Do you feel Winnipeg's educational facilities give adequate training to those applying for this occupation? _____ YES _____ NO
If NO, please identify the shortcomings of the training system.

10. Do you feel this occupation commands a wage that outruns the skill and productivity of the employee? _____ YES _____ NO

11. Any Comment? _____

OCCUPATION _____

1. How many staff do you employ in this occupation? _____
 2. What percent are male? _____ What percent are female? _____
 3. What percent require only a high school education? _____
 4. What percent require post secondary education? _____
 5. Did you find it necessary to recruit staff from outside of the province of Manitoba? _____ YES _____ NO
If YES, please specify why. _____
-

6. Wage rates for this particular occupational group in Winnipeg is a factor strongly favouring a Winnipeg location.

AGREE DISAGREE

7. The supply of suitable staff available in Winnipeg to be employed in this particular occupation is a factor strongly favouring a Winnipeg location.

AGREE DISAGREE

8. How do you go about hiring such staff? Please give an approximate percentage of those recruited from the following institutions, or rank the institutions in order of importance in supplying recruits, from most important to least important.

- _____ Red River Community College
- _____ University of Manitoba
- _____ University of Winnipeg
- _____ Success Business College
- _____ Hertzling Institute
- _____ Technical Vocational Schools
- _____ High School
- _____ Others, please specify

9. Do you feel Winnipeg's educational facilities give adequate training to those applying for this occupation? _____ YES _____ NO
If NO, please identify the shortcomings of the training system.

10. Do you feel this occupation commands a wage that outruns the skill and productivity of the employee? _____ YES _____ NO

11. Any Comment? _____

PART 4 : AGGLOMERATION IDENTIFICATION

1. How long has this office been established in Winnipeg? _____
2. Have you expanded operations since its initial establishment.
_____ YES _____ NO
- If YES, why did you expand? _____

3. Why did your firm choose to locate in Winnipeg? _____

4. Why did your firm choose this particular location? _____

5. Did your firm follow any other firms here? _____ YES _____ NO
- If YES, who? _____

6. Did you establish in Winnipeg because there was market here for your services? _____ YES _____ NO

7. Did you come to Winnipeg because firms here offered you a particular service which you required? _____ YES _____ NO

The following questions are necessary to establish the fact that you either do or do not take advantage of the possible agglomeration economies available in Winnipeg.

- Do you require a central location in the city? _____ YES _____ NO

- Are you located within ten minutes of your major clientele?
_____ YES _____ NO

- Are you located within ten minutes of your major suppliers?
_____ YES _____ NO

- Do you find information availability a locational factor in your business?
_____ YES _____ NO

- Do you feel that your firm has easy access to that information which your firm requires?
_____ YES _____ NO

- Is your business dependent on up to date data and communication?
_____ YES _____ NO

- If YES, was your choice of location affected by this need?
_____ YES _____ NO

7. Do you require face to face communications with most businesses with which you deal? YES NO

If YES, do you feel that this location facilitates your needs? YES NO

And, do you feel that this ease of communications is essential to the successful operation of your firm. YES NO

Any Comment? _____

8. Do you feel that the office utility rates are low in Winnipeg? YES NO

If NO, which utilities are too costly? _____

9. Do you feel that the cost of utilities as applied to office buildings and communications are factors influencing location. YES NO

Any Comment? _____

10. Do you feel that Winnipeg's transportation system is adequate? YES NO

If NO, what are its shortcomings? _____

11. Do you deal with any firms located in cities other than Winnipeg? YES NO

12. Do you feel that transportation between Winnipeg and other centres is adequate? YES NO

If NO, what are the shortcomings? _____

13. What services do you require which are unavailable in Winnipeg, and where do you attain them?

SERVICE

COMPANY

CITY

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

14. Do you deal mostly with other businesses, or with the individual?

15. If you deal with other businesses, who are your major clientele and where are they located?

CLIENT	NATURE OF BUSINESS	LOCATION
1) _____	_____	_____
2) _____	_____	_____
3) _____	_____	_____
4) _____	_____	_____
5) _____	_____	_____
6) _____	_____	_____

16. Who are your major service/sub-contractors/inputsuppliers, and where are they located?

SUPPLIER	NATURE OF BUSINESS	LOCATION
1) _____	_____	_____
2) _____	_____	_____
3) _____	_____	_____
4) _____	_____	_____
5) _____	_____	_____
6) _____	_____	_____

PART 5 : GOVERNMENT ASSISTANCE AND EXPANSION

1. Did your business utilize any assistance offered by the Small Business Development Program since its inception?

___ YES ___ NO

If YES, which of the following have you used. (Please check any or all)

___ General Counselling

___ Liason services for the firm in its dealings with other government departments or agencies

___ Financial assistance to help underwrite a portion of company costs for professional feasibility studies

___ Broker services for the firm to ensure it takes advantage of support services offered by the department in various functional areas. i.e. marketing, technology, production, finance and human resource management. Please specify which ones were used. _____

2. Have you utilized the counselling assistance available under the "Master of Business Administration Studies Management Counselling Program?"

___ YES ___ NO

Were you aware such a program existed?

___ YES ___ NO

3. Have you utilized the Human Resource Management Branch?

___ YES ___ NO

If YES, which of the following have you used?

___ Employment information

___ Human resource management counselling

___ Management training

___ Special needs projects

4. Have you utilized the Promotion and Information Service Branch?

___ YES ___ NO

If YES, please explain how. _____

5. Have you utilized the Industry and Commerce Business Library?

___ YES ___ NO

6. Does your office utilize any type of government assistance?

___ YES ___ NO

If YES, please specify. _____

7. Manitoba's new private sector investment growth during 1978 stood at 21.9% over 1977. Did you notice growth in your particular office sector?

YES NO

If YES, where in particular? _____

8. Is there any potential to expand existing operations?

YES NO

9. If you did expand, would firms you deal with and your clientele be favourably affected?

YES NO

If YES, who in particular? _____

10. If you belong to a larger organization, presently, are there any office departments in your organization that could relocate, or start new in Winnipeg?

YES NO

If YES, which departments? _____

11. Do you feel that government regulations affect business negatively?

YES NO

If YES, in which ways in particular? _____

12. Could government assistance facilitate expansion or relocation of business?

YES NO

If YES, please answer questions 13 to 15.

13. To locate or expand business in Winnipeg, what type of government assistance would you consider most appropriate?

Those affecting operating costs

Those affecting fixed costs

14. With regards to operating costs, which types of assistance do you consider most appropriate in your particular business? Please rank the following from most important to least important.

Rent assistance

Tax incentives

Communication cost cuts

Transportation cost cuts

Employee training assistance

Other (specify) _____

Please comment on your first two choices. Give ideas of what the government could offer your office to facilitate growth.

- 1) _____

- 2) _____

15. With regards to fixed costs, which types of assistance do you consider most appropriate in your particular business? Please rank.

- ___ Incentives to assist in purchasing or building own premise
- ___ Assistance to move or purchase new office equipment
- ___ Tax incentives
- ___ Communication and data services
- ___ Other (specify) _____

Please comment on your first two choices. Give ideas of what the government could offer your office to facilitate expansion or location expenses

- 1) _____

- 2) _____

16. Do you have any further comments on the subject of government assistance?

- _____
- _____
- _____
- _____

PART 6

In the following questions you are asked to compare Winnipeg to other Canadian cities with which you have either lived in, or have knowledge about. At the end of each question, a space is provided for you to acknowledge which city or cities you were using

1. The tax system encourages investment in Winnipeg.
 AGREE DISAGREE _____
2. The present provincial government has created a favourable business atmosphere.
 AGREE DISAGREE _____
 The business atmosphere created by a government, influences the location decision of office organizations.
 AGREE DISAGREE _____
3. Winnipeg investment is very conservative.
 AGREE DISAGREE _____
4. In Winnipeg there is an "even pace of life."
 AGREE DISAGREE _____
5. The housing developments in Winnipeg are attractive.
 AGREE DISAGREE _____
 Available housing is a factor which influences the locational decisions of office organizations.
 AGREE DISAGREE _____
6. The school system in Winnipeg is very good.
 AGREE DISAGREE _____
 The quality of educational facilities in a city is a factor influencing location decisions of office organizations.
 AGREE DISAGREE _____

7. Please evaluate the importance of the following factors in the decision making process determining office location. Are these factors relevant or not relevant?
- | | | | |
|-------------------------------|----------|---|--------------|
| Crime rate | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Drug abuse | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Racial problems | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Medical facilities | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Restaurants and entertainment | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Cultural attributes | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Retail facilities | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Park facilities | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Recreational facilities | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
| Physical attractiveness | RELEVANT | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | NOT RELEVANT |
- Any Comment? _____

PART 7 : SUMMARY

1. Do you enjoy living in Winnipeg? YES NO
2. Do you enjoy working in Winnipeg? YES NO
3. Businesswise, what are the major advantages of a Winnipeg location?

Personally what are the major advantages of a Winnipeg location?

4. Business wise, what are the major disadvantages of a Winnipeg location?

Personally, what are the major disadvantages of a Winnipeg location?

5. In view of your experiences in Winnipeg, at this present location, would you choose this city and location again, if it were up to you?

YES NO

Please explain why.

Do you feel that since Winnipeg has received an NHL franchise, that the city will become more attractive to business?

THANK YOU VERY MUCH FOR YOUR CO-OPERATION, IT IS GREATLY APPRECIATED

APPENDIX FIVE

WHAT MAKES BUSINESSES STAY IN CITY?

What makes companies decide to maintain offices in downtown Winnipeg?

What are the advantages - and the disadvantages - of having a downtown office?

These and several score other questions are being posed to 285 local business leaders by Marnie Scott, a 23 year old University of Manitoba graduate student.

Miss Scott, who already has her BA in geography, told The Tribune in an interview Thursday that she hopes a good response from the business community will give her vital material for her Master's thesis. Her research is under the supervision and encouragement of Geography professor Dr. Daniel Todd.

The survey, in the form of a mailed questionnaire, hopefully will disclose why the 285 firms she is polling established offices in the downtown, and why they keep them here, Miss Scott said.

She explained that she at first was interested in Winnipeg's pace of industrial development. However, she decided that because this often depended upon special incentive programs by the various levels of government or transportation costs, it would be more illuminating to discover what motivated business to give Winnipeg such a large "office industry."

Miss Scott emphasized that the information she receives from the companies "will be kept confidential," and that her thesis will avoid any disclosures which might link either individuals or their companies to any list of recommendations.

Although similar questionnaire surveys frequently only get a 20 or 30 per cent response, Miss Scott is very much hoping Winnipeg's business leaders will co-operate 100 per cent.

"This is a great opportunity for the decision-makers to ponder about their own particular business, voice an opinion on the advantages and disadvantages of Winnipeg as an office location, and suggest improvements," she said.

"I expect the survey will bring to light the city's strengths, as well as its problems and weaknesses. The result could be very helpful to everybody, in that it may point the way for either the city or provincial government - or both - to improve Winnipeg's infrastructure."

"Hopefully if the response from the survey is good, some program of office development encouragement, or business atmosphere improvement, or both, will be created packaged and proposed to the present provincial government," she added.

(Source : Winnipeg Tribune, June 22, 1979)

TABLE I
LABOUR AVAILABILITY IN
WINNIPEG FOR OFFICE OCCUPATIONS

Occupational Skill	June 1978				June 1979			
	Registered Clients		Registered Vacancies	Selectivity Ratio*	Registered Clients		Registered Vacancies	Selectivity Ratio*
	Without Employment	Employed			Without Employment	Employed		
Managerial & Administrative								
Nongovernment Managers & Administrators	342	31	22	17.0	223	33	26	9.8
Accountants, Auditors	86	8	4	23.5	61	9	2	35.0
Other Management and Administrators	148	19	3	55.7	103	2	9	11.7
TOTAL	576	58	29	21.9	387	44	37	11.6
Clerical								
Secretaries and Stenographers	245	23	21	12.8	234	37	22	12.3
Typists and Clerk Typists	505	39	29	18.8	480	37	30	17.2
Other Stenographic and Typing	25	6	0	—	10	0	0	—
Bookkeeper and Accounting Clerks	492	21	17	30.2	540	50	24	24.6
Tellers and Cashiers	444	19	9	51.4	434	16	22	20.4
Insurance, Bank & Finance Clerks	43	2	2	22.5	11	—	—	—
Other Bookkeeping	41	1	1	42.0	40	4	4	11.0
Office Machine Operators	57	0	3	19.0	39	2	1	41.0
Electronic Data Processing Equipment Operators	152	13	12	13.8	154	22	10	17.6
Other Office Machine Operators	22	0	0	—	1	0	0	—
Library, File & Correspondence Clerks	109	6	6	19.2	78	8	3	28.7
Receptionists & Information Clerks	266	6	7	38.9	228	9	8	29.6
Other Rec., Inform., Mail Clerks	140	2	11	12.9	121	4	2	62.5
General Office Clerks	1,137	62	9	133.2	993	84	20	53.9
Other Clerical	221	17	12	19.8	140	18	14	11.3
TOTAL	3,899	217	139	29.6	3,503	291	108	35.1

* The ratio of job seekers (Registered Clients) to job openings (Registered Vacancies). (Source : Fantus Report, 1979)

APPENDIX SEVEN

ANTICIPATED 1980 RED RIVER COMMUNITY COLLEGE GRADUATES

	NUMBER OF YEARS FOR DEGREE	ANTICIPATED GRADUATES 1980
Business Accountancy	1	82
Business Administration Accounting	2	40
General	2	75
Marketing	2	85
Clerk Typist	2	90
Clerical Bookkeeping and Office Machines	1	75
Commercial and Industrial Sales	1	35
Library Technician	1	25
Medical Research Technician	1	24
Secretarial Science	2	15
Computer Analyst/Programmer	2	48

Source : Fantus Report 1979.

APPENDIX EIGHT

GOVERNMENT ASSISTANCE QUESTIONS

See APPENDIX FOUR page 8, questions 13-16.

APPENDIX NINE

FEDERAL GRANTS TO MANITOBA FIRMS-1979

<u>FIRM</u>	<u>PURPOSE OF EXPENDITURE</u>	<u>GRANT</u>	<u># OF JOBS</u>
Venus Industries	construction and equipment	\$134,055	6
W.L. Management Ltd.	mfg. textile bags & packaging	128,735	18
Carneil Holdings Ltd.	metal work	85,653	13
Carte Electric Ltd.	improve electric facilities	74,600	18
Beaton Industries Ltd.	purchase new machinery	66,850	17
Alfonso's Foods	open new facilities	29,000	9
Nick Boychuck	plastic frame business	25,448	4
Bronson School	garment manufacturing	6,000	20
Dunn-Rite Food Products Ltd.	new food production facility	433,500	32
Reliance Products Ltd.	plastic products	399,000	30
Custom Steel Production Inc.	racks and consoles	60,918	14
Paul Henzel Lumber Ltd.	lumber	56,580	7
Silco Trading Ltd.	washing and drying equipment	48,600	7
Sigma Enterprizes Ltd.	automotive & farm implement componants	46,939	2
Jara Steel Industries Ltd.	mfg. structural steel	39,876	10
Alpine Kolar Systems Ltd.	screen printing	20,000	12

(Source : Winnipeg Free Press, October 11, 1979, "City firms get federal grants.")

APPENDIX TEN

LIST OF HISTORICAL BUILDINGS

LOCATION	BUILDING	DATE
PORTAGE AVENUE		
138	Jacob-Crowley Building	1905
166	Telephone Building	1911
Corner of Portage and Main	Bank of Montreal-renovated	1913
203	Nanton Building	1906-7
208	C.P.R. Building	1902
211	Childs Building	1909
233	Curry Building	1915
234	North West Trust Building	1910
254-58	Bank of Nova Scotia	1910
259	Paris Building	1915
273 1/2	Hample Building	1906
283	Fort Garry Trust Building	
294	Somerset Building	1906
Portage and Donald	T. Eaton Co.	1904
315	Mitchell-Copp Jewellers Ltd.	
317	Affleck Building	1906
388	Boyd Building	1912
Portage and Smith	Birks Building	
425 1/2	Scientific Building	
428	Power Building	1929
SMITH STREET		
331	Marlborough Hotel	1913
364	Odeon Theatre	1906
DONALD STREET		
335	Masonic Temple - Mother Tucker's	1895
352	Canada Building	1910
HARGRAVE STREET		
379	Ambassador Apts.	
474	Freed Building	1909
CARLTON STREET		
300	Free Press Building	1913
EDMONTON STREET		
368-70	House	1901
400	Knox Church	1914
420	House	1900
424	House	1903

KENNEDY STREET

293	I.O.O.F. Lodge	1910
316	Lowe's Music	1895
396-400	Rooming Houses	1906-7

NOTRE DAME AVENUE

213-219	Montreal Trust Building	1912
216	Oxford Hotel	1900
224	Argyle Block	
228	Lindsay Building	
235	St. Charles Hotel	

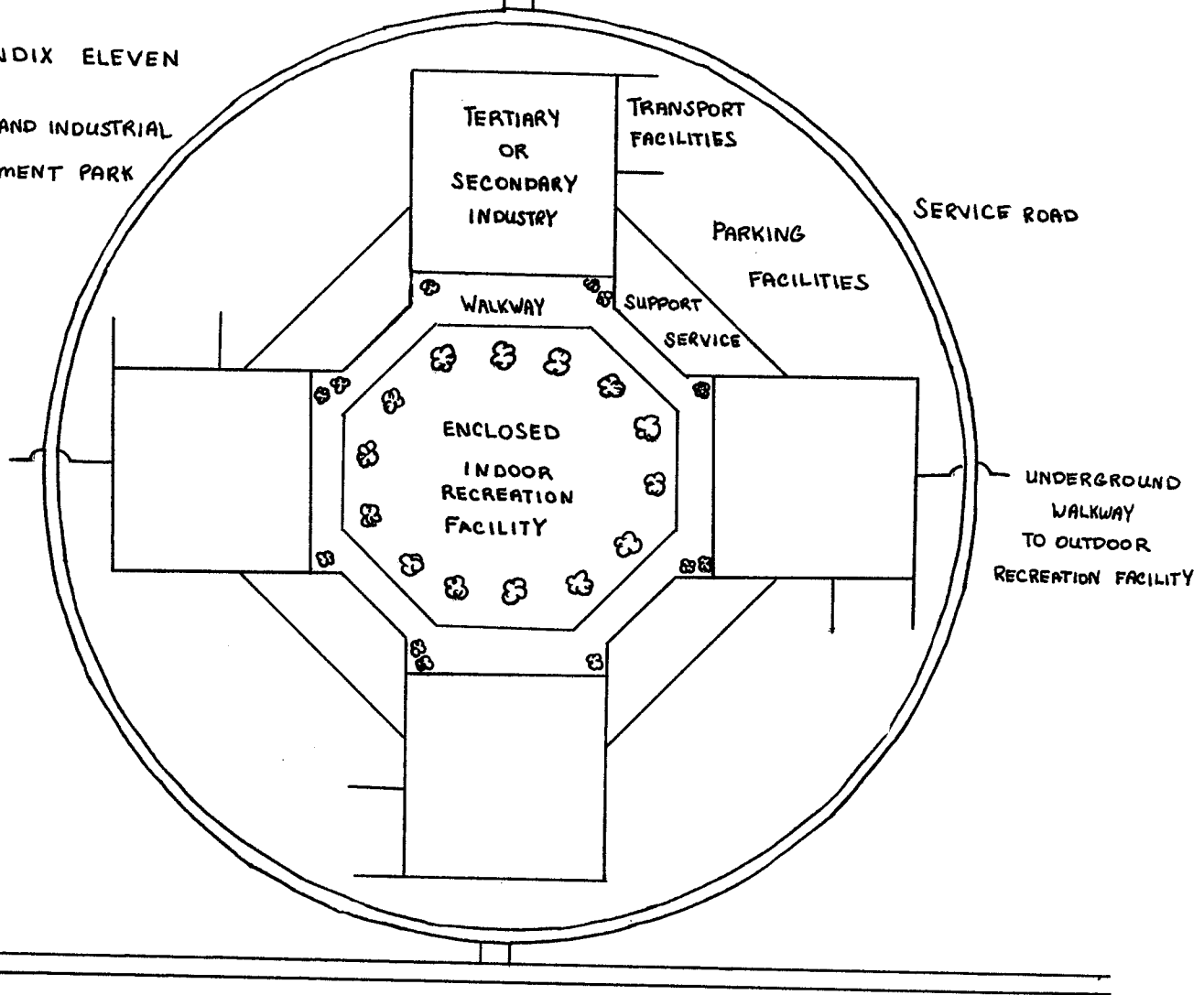
BROADWAY AVENUE

194	Manitoba Club	1904
222	Fort Garry Hotel	1911
263	Broadway Medical Building	1902
	Law Courts Building	1911
	Land Titles Office	1903
450	Legislative Building	1912

(This a partial listing of historical buildings in
Winnipeg. A complete list can be obtained from
the Manitoba Historical Society)

APPENDIX ELEVEN

OFFICE AND INDUSTRIAL
DEVELOPMENT PARK



APPENDIX TWELVE

HEAD OFFICE LOCATIONS OF SOME MANITOBA MINING
OPERATIONS

<u>FIRM</u>	<u>HEAD OFFICE</u>
Cominco	Toronto
Selection Trust	Toronto
Shell Canada	Calgary
San Fransisco Mining	San Fransisco
Esso Minerals	Vancouver
Granges Exploration	Sweden
Rier Addison Mines	Vancouver
Getty Minerals	Los Angeles
Urangesell Schaft	Frankfurt
British Petroleum	London

(Source: Bob Lowery, "Manitoba mining exploration up,"
Winnipeg Free Press, November 12, 1979, p. 29.)

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