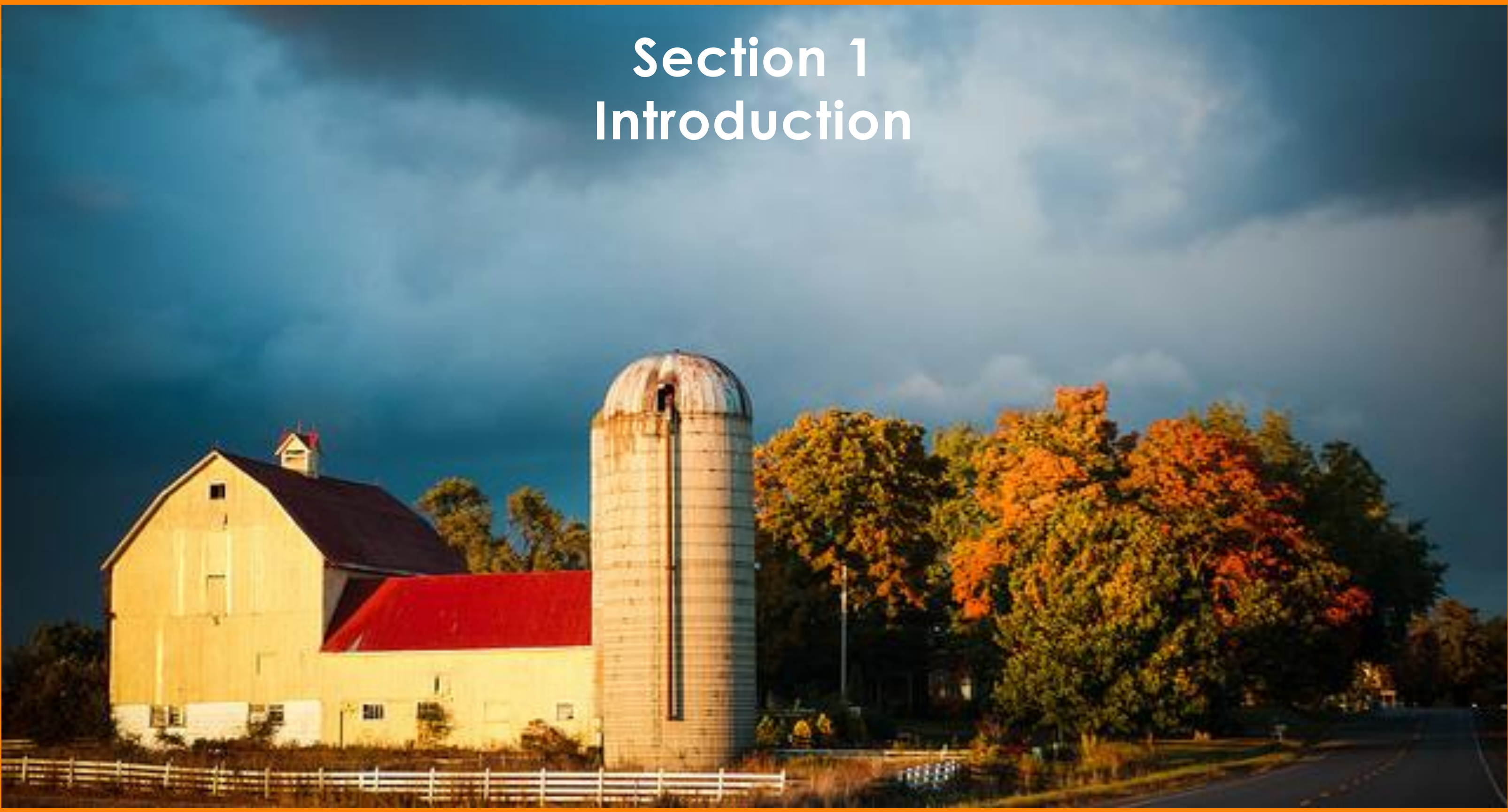


Prince Edward County, Canada as a model of rural creative economic development

Academy of Korean Studies
Oct. 19, 2015

Section 1

Introduction



Economic development and Prince Edward County



The Martin Prosperity Institute

- Mission is to develop a new understanding of, and inform, the broader public conversation about shared and sustainable prosperity
- Housed the University of Toronto's Rotman School of Management
- Led by world leading thinkers Roger Martin, Richard Florida and Don Tapscott

Three mentors

1. **Meric Gertler**

- Economic geographer and President of the University of Toronto
- Key lessons include the importance of (local) institutions

2. **Mark Hepworth**

- Economic geographer (formerly CURDS @ Newcastle and founder of the Local Futures Group)
- Key lessons include the importance of entrepreneurship

3. **Richard Florida**

- Economic geographer University of Toronto and NYU
- Key lessons include the importance of talent

My intellectual and policy journey

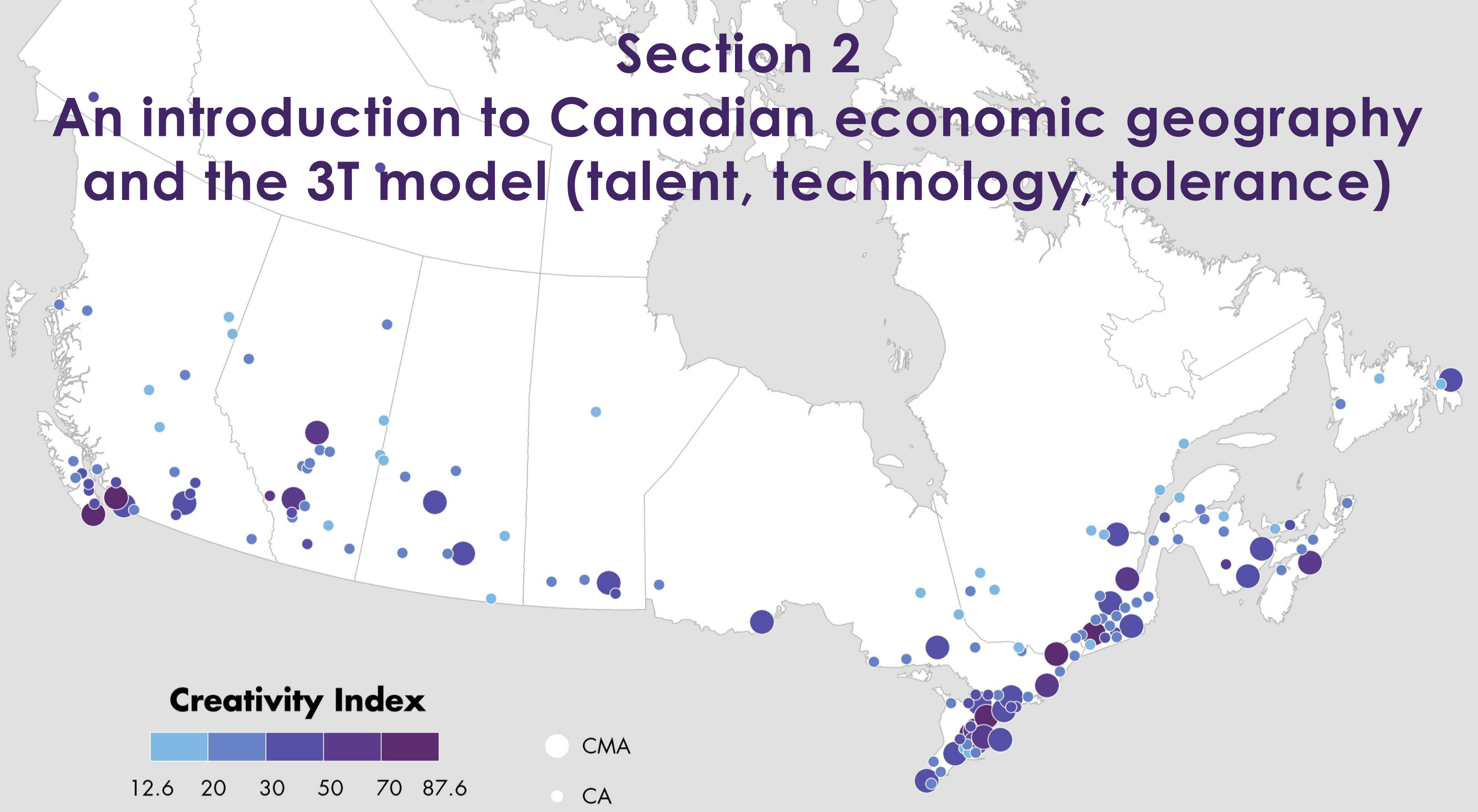
1. First degree in geography and a Master's in Planning
 - Focus on urban design
2. Move to London, UK and work at the Local Futures Group
 - Analyze and advise on local economic development issues
3. PhD in Economic Geography (Toronto) with Meric Gertler
 - Dissertation on the geography of the creative process
4. Subsequent appointments at the University of Toronto
 - Founding manager of Local IDEAs
 - Research Associate at the Martin Prosperity Institute

Presentation Outline

1. Introduction
2. An introduction to Canadian Economic Geography via the 3T model
3. The geography of the creative process & rural disadvantage
4. The Prince Edward County model of creative rural economic development
5. Transmitting lessons to other jurisdictions
6. Common pitfalls, opposition, and lessons learned
7. Moving from an arts & culture model to a technology model
8. Summary and conclusions

Section 2

An introduction to Canadian economic geography and the 3T model (talent, technology, tolerance)



An introduction to Canada

1. Gained independence in 1867 after being originally colonized by French and English settlers
2. Federation of 10 provinces and 3 northern territories
3. Current population of 36 million with a land area of 9,984,670 sq km (equivalent of 100 South Korea's)
4. 33 city-regions of over 100,000 people and 114 city-regions between 10,00 and 100,000 (81% of population is urban)
5. Toronto (6M), Montreal (4M), and Vancouver (2.5M) are the three largest city-regions

The 'Rise of the Creative Class' and the 3T model of economic development

1. Talent

- The knowledge economy (geography of) is driven by highly skilled workers
- Occupations as the key metric (creative class)

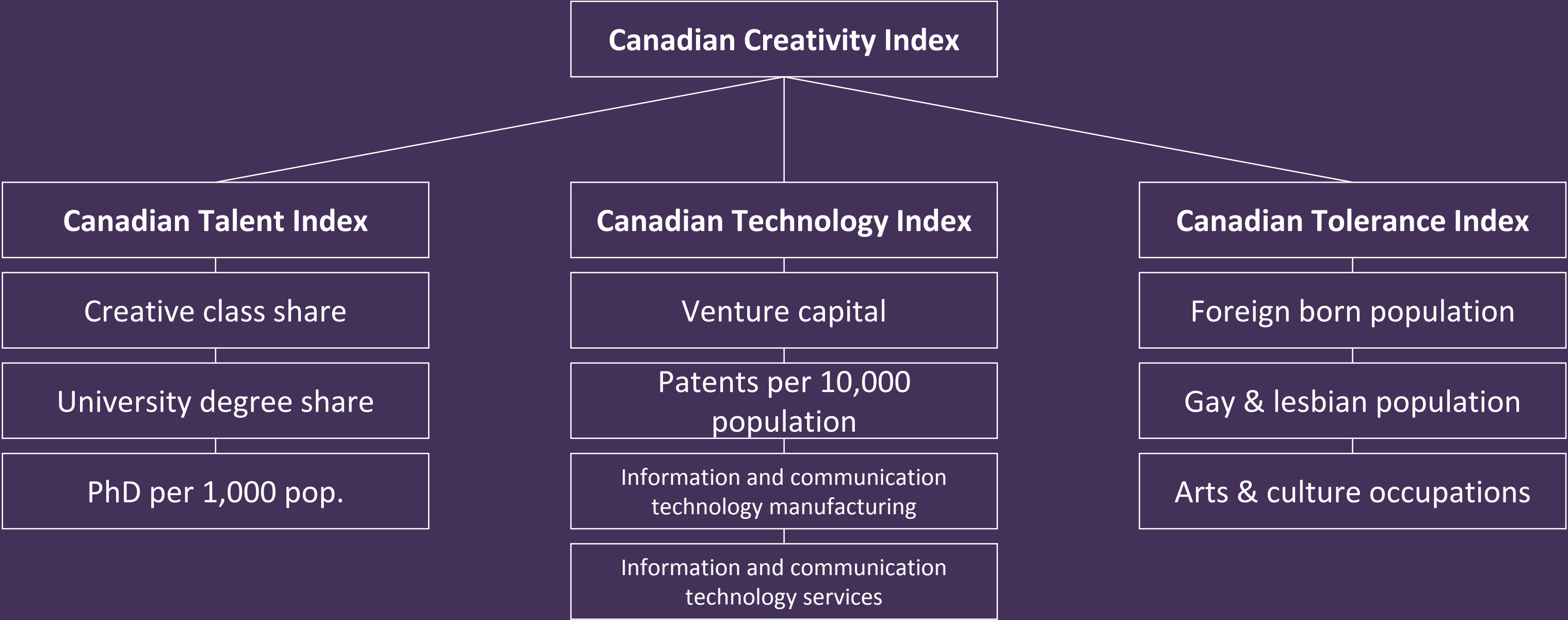
2. Technology

- The production of new technology as the key ingredient of economic growth

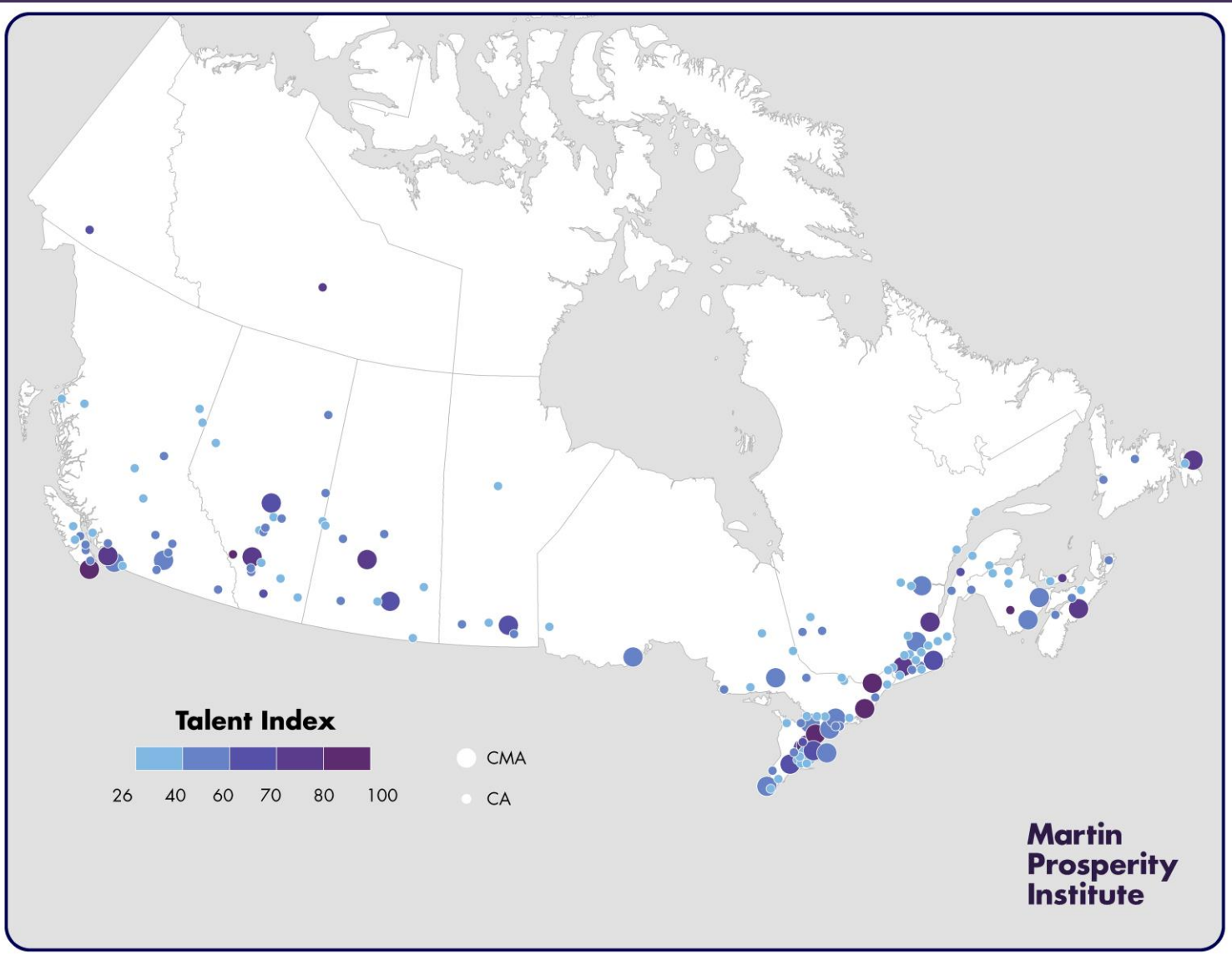
3. Tolerance

- Highly tolerant places are open to new people and new ideas
- Important aspect of attracting (young) talent

Measuring the 3Ts

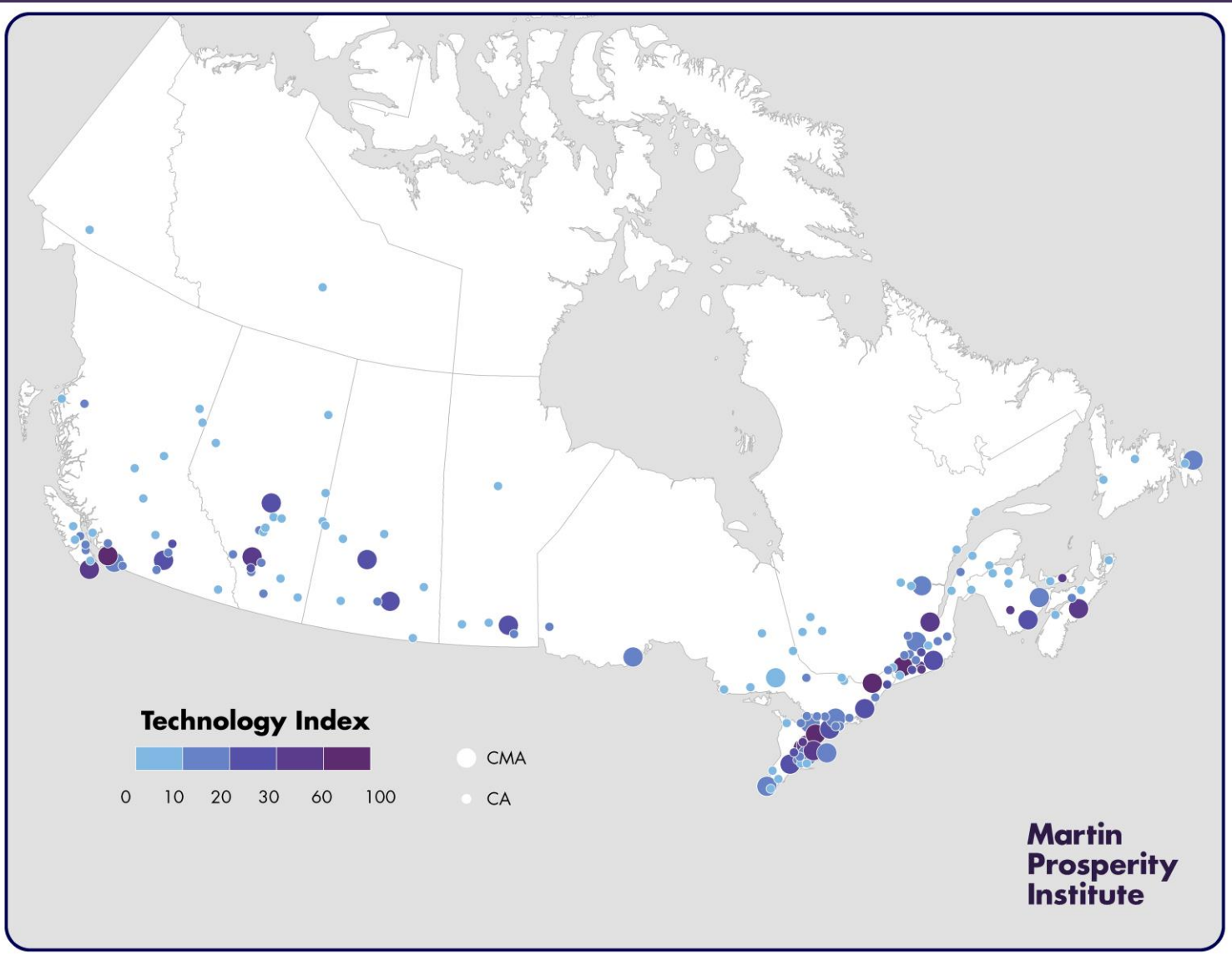


The geography of talent in Canada



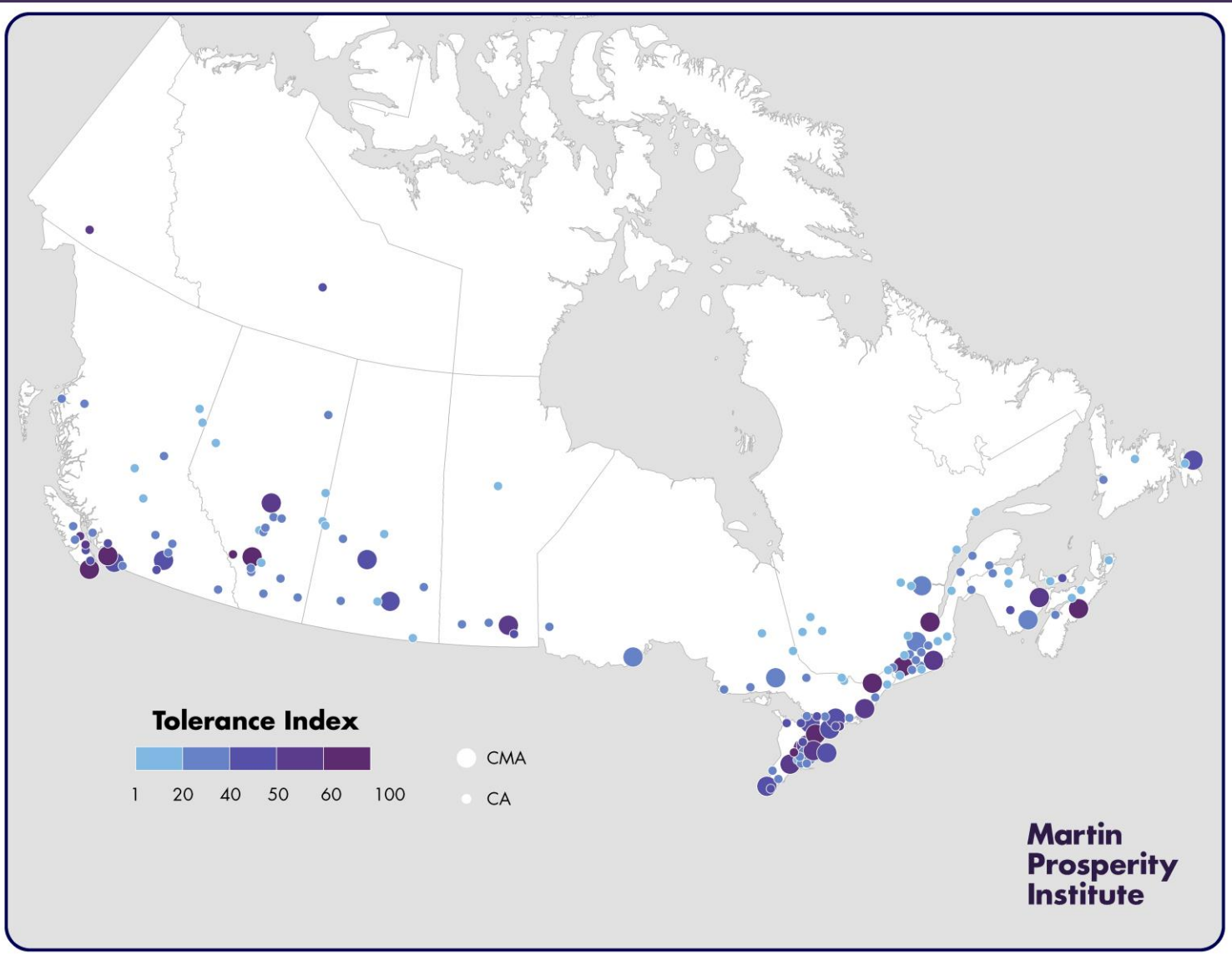
Rank (147)	City-region (min pop 100K)	Prov. Terr.	University degree %	Creative class %	PhDs per 1,000 people.	Talent Index
1	Ottawa - Gatineau	ON/QC	38.2%	44.6%	16.8	100.0
2	Guelph	ON	31.6%	34.2%	21.3	93.0
5	Kingston	ON	27.8%	36.2%	21.9	92.2
6	Victoria	BC	31.3%	37.4%	15.5	85.6
7	Toronto	ON	36.8%	38.5%	9.1	80.9
8	Vancouver	BC	34.1%	36.5%	10.8	79.6
9	Calgary	AB	34.8%	38.7%	9.1	79.2
10	Halifax	NS	32.9%	36.5%	10.8	78.6
11	Saskatoon	SK	28.5%	32.6%	13.7	76.0
12	Montréal	QC	29.6%	36.3%	9.7	73.5

The geography of technology in Canada



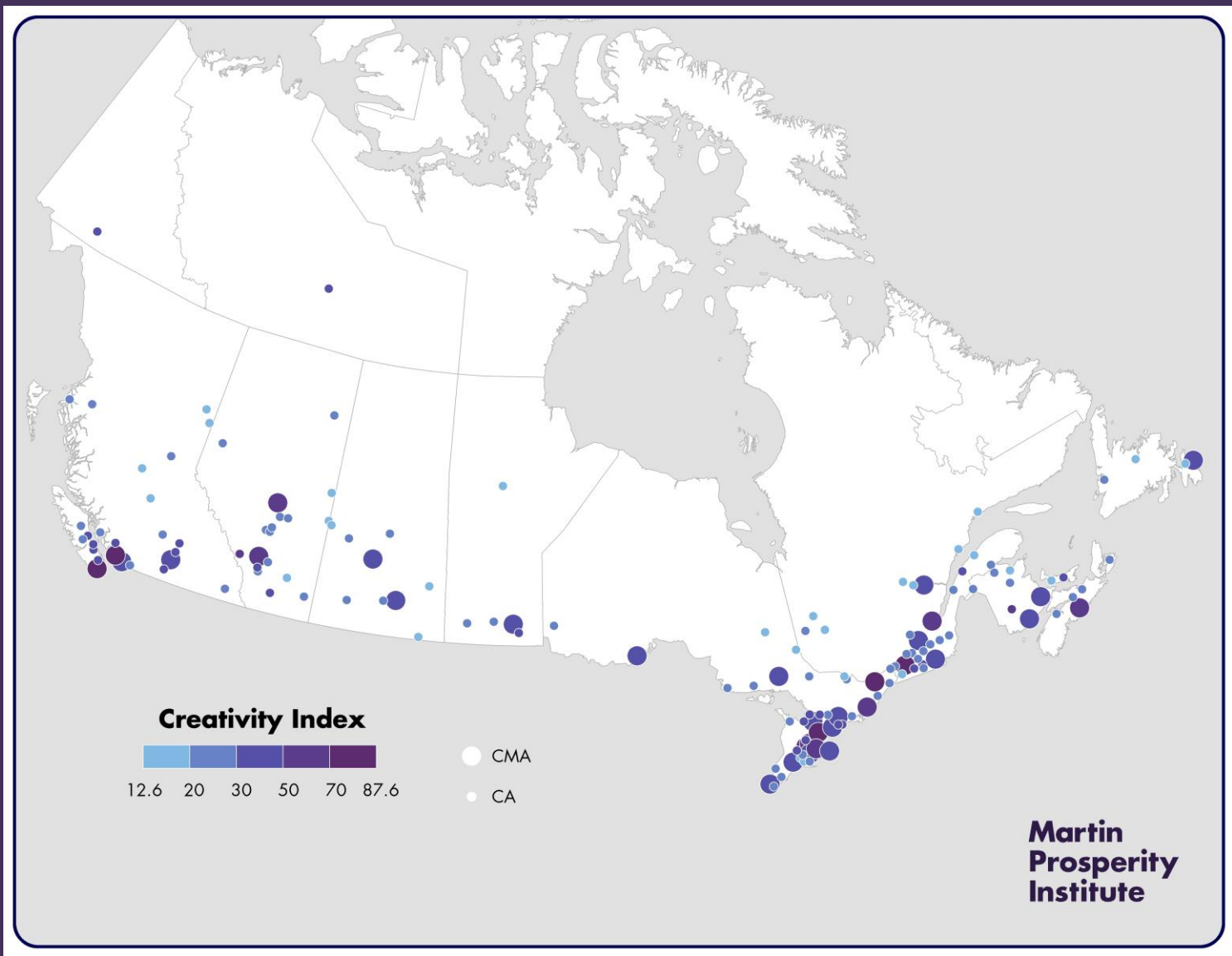
Rank	City-region (min pop 100K)	Prov. Terr.	ICT mfg. LQ	ICT services LQ	Patents per 10,000 pop.	Venture Capital (millions)	Tech Index
1	Kitchener - Waterloo	ON	7.72	1.15	12.05	31.8	100.0
2	Toronto	ON	1.60	1.66	2.12	324.7	84.7
3	Ottawa - Gatineau	ON/ QC	2.22	1.72	6.08	141.3	82.6
4	Montréal	QC	1.17	1.48	1.40	379.5	82.2
5	Vancouver	BC	0.88	1.36	2.20	345.7	77.4
7	Calgary	AB	0.79	1.35	1.83	168.9	57.4
8	Victoria	BC	0.90	1.49	1.27	19.6	43.8
10	Québec City	QC	1.08	1.27	1.20	22.0	39.4
13	Halifax	NS	1.15	1.13	0.68	5.4	33.2
14	Guelph	ON	1.38	0.92	1.89	5.1	33.1

The geography of tolerance in Canada



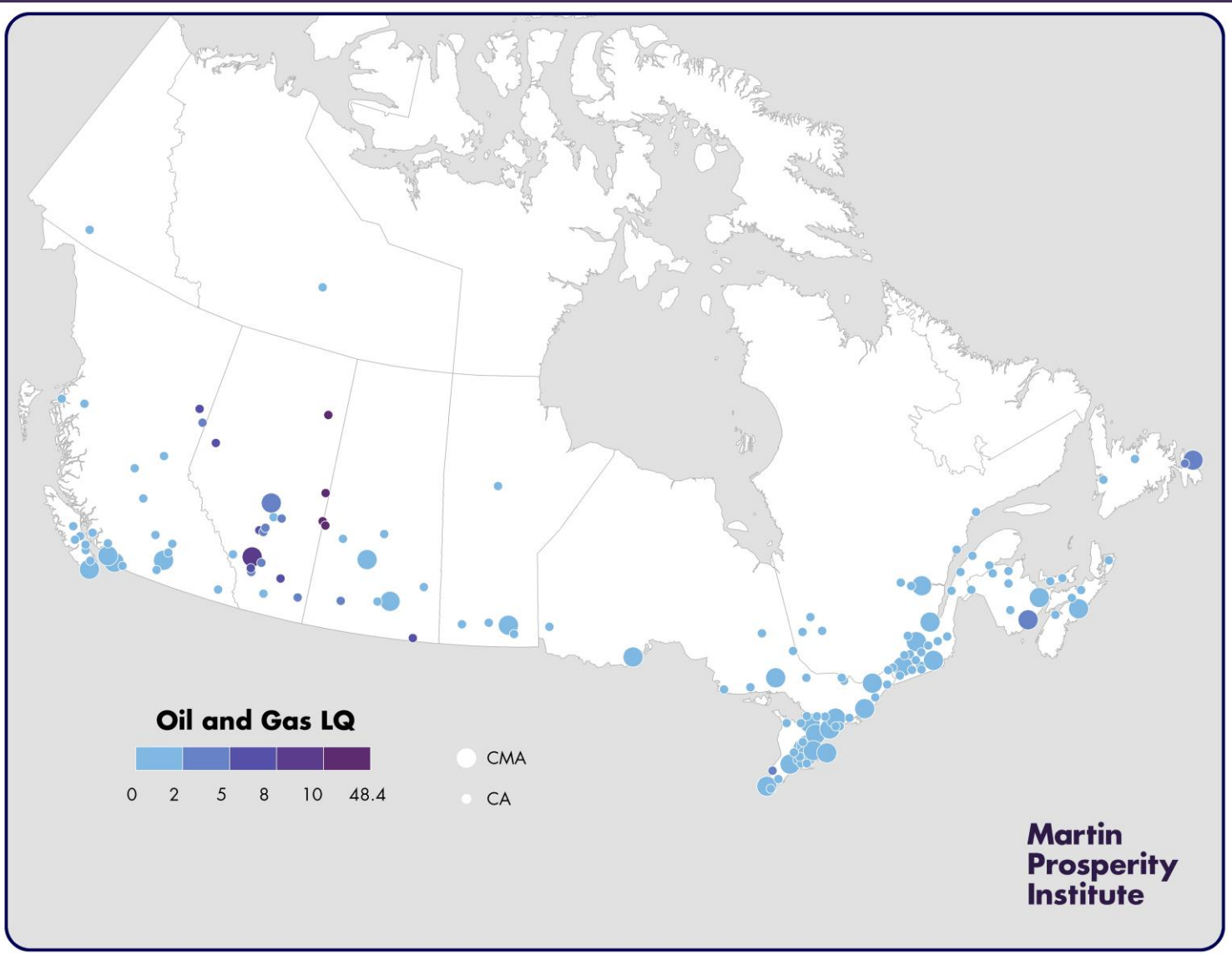
Rank	City-region (min pop 100K)	Prov. Terr.	Boho index	Gay and Lesbian index	Foreign-Born Share	Tolerance Index
1	Vancouver	BC	1.49	1.46	1.94	100.0
2	Toronto	ON	1.43	1.20	2.23	97.4
3	Montréal	QC	1.48	1.53	1.09	87.1
4	Victoria	BC	1.28	1.61	0.87	80.7
5	Ottawa - Gatineau	ON/ QC	1.28	1.42	0.94	77.4
7	Calgary	AB	0.85	1.08	1.27	65.4
8	Halifax	NS	0.98	1.55	0.39	64.7
10	Québec City	QC	1.05	1.43	0.21	60.2
11	Edmonton	AB	0.75	1.06	0.99	58.0
12	Hamilton	ON	0.86	0.81	1.14	57.2

The Canadian Creativity Index



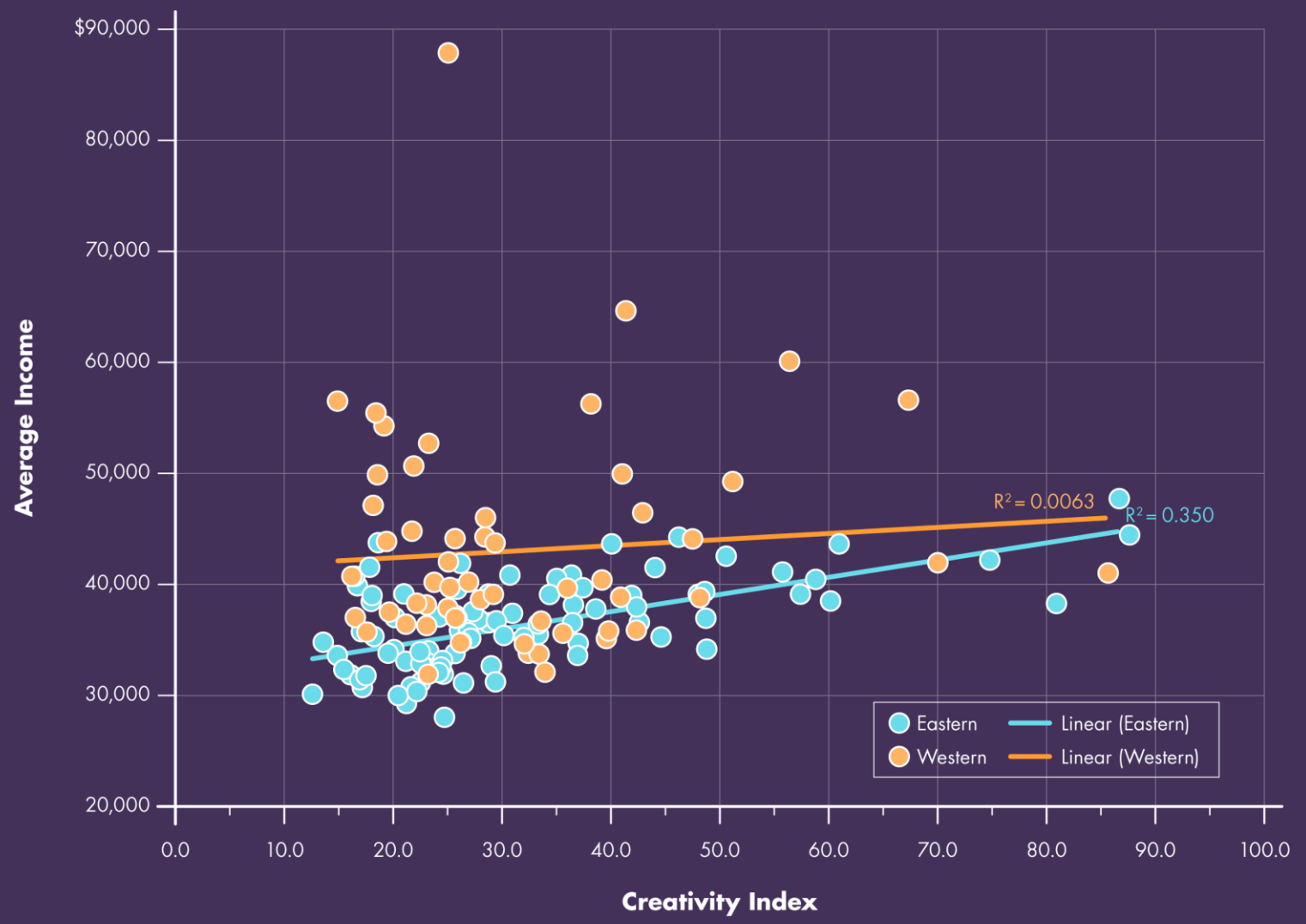
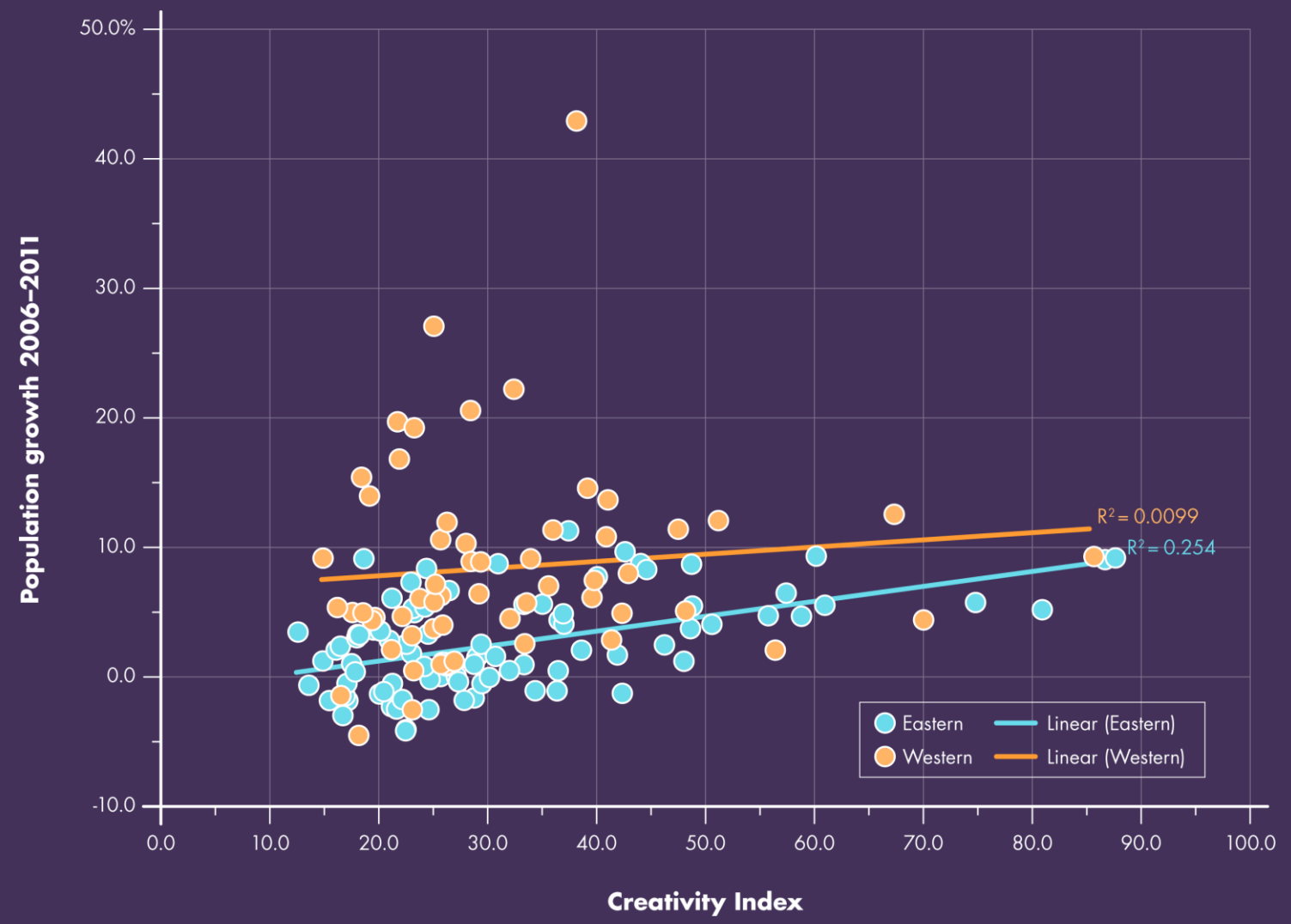
Rank (147)	City-region (Min pop 100K)	Prov. Terr.	Talent Index	Technology Index	Tolerance Index	Creativity Index
1	Toronto	ON	80.9	84.7	97.4	87.6
2	Ottawa - Gatineau	ON/ QC	100.0	82.6	77.4	86.7
3	Vancouver	BC	79.6	77.4	100.0	85.7
4	Montréal	QC	73.5	82.2	87.1	80.9
5	Kitchener - Waterloo	ON	69.2	100.0	55.2	74.8
6	Victoria	BC	85.6	43.8	80.7	70.0
7	Calgary	AB	79.2	57.4	65.4	67.3
8	Guelph	ON	93.0	33.1	56.8	61.0
10	Halifax	NS	78.6	33.2	64.7	58.8
11	Québec City	QC	72.6	39.4	60.2	57.4

The geography of the oil & gas sector in Canada

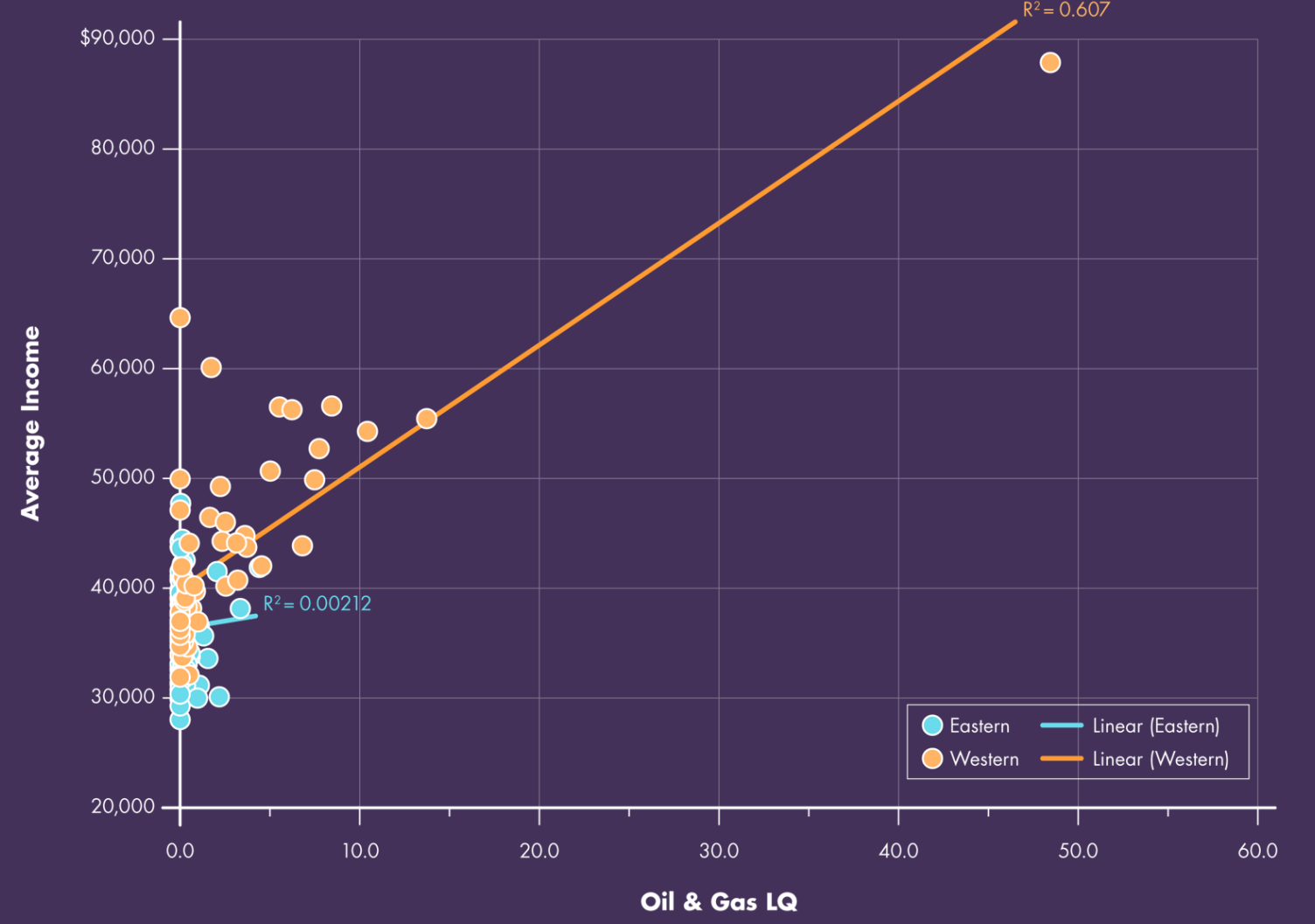
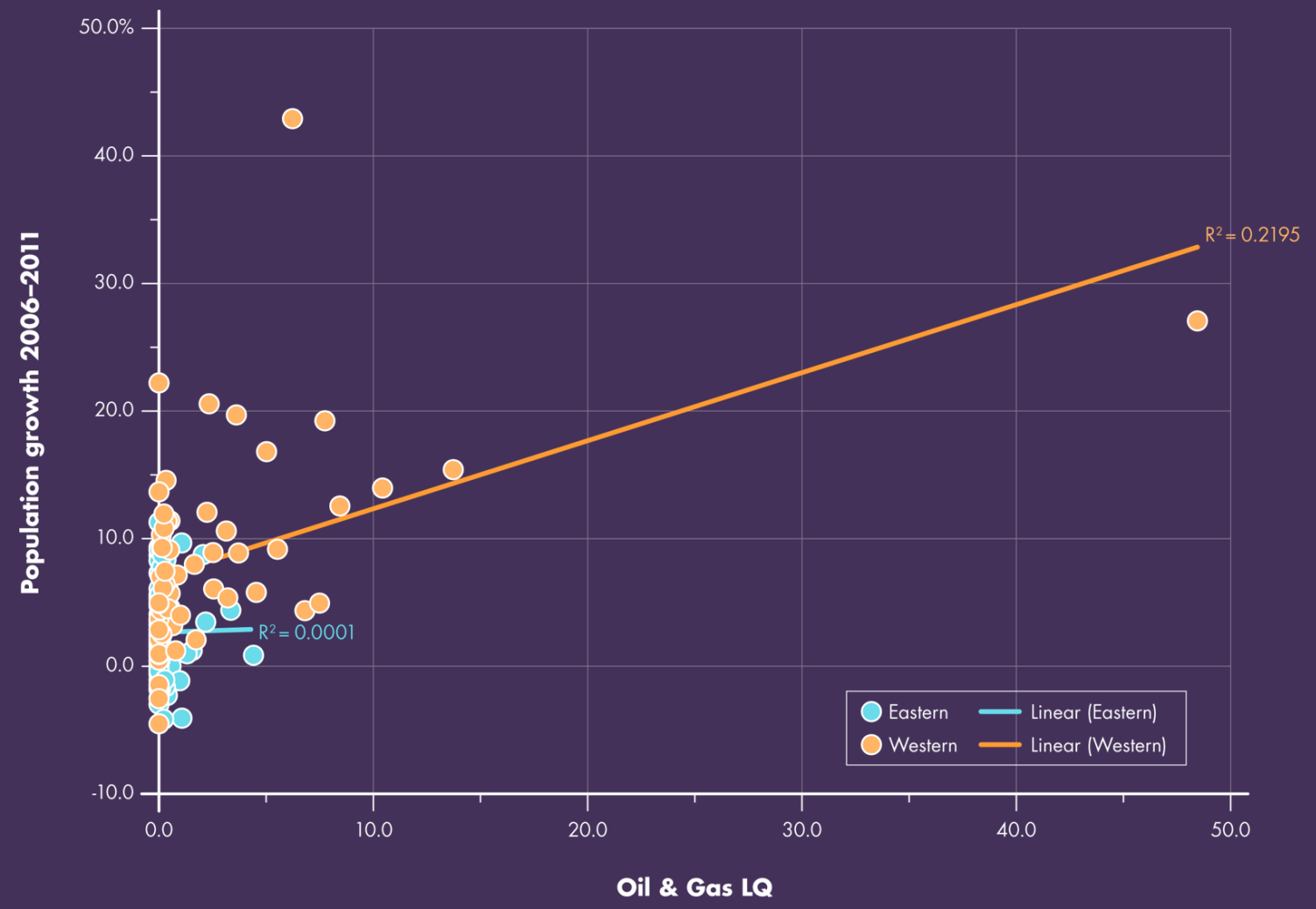


Rank	City	Prov. Terr.	Oil & Gas LQ
1	Wood Buffalo	AB	48.45
2	Cold Lake	AB	13.73
3	Lloydminster	AB/SK	10.43
4	Calgary	AB	8.44
5	Sylvan Lake	AB	7.74
6	Fort St. John	BC	7.49
7	Brooks	AB	6.81
8	Okotoks	AB	6.23
9	Estevan	SK	5.53
10	Grande Prairie	AB	5.02
11	Medicine Hat	AB	4.54
12	Sarnia	ON	4.41
13	Lacombe	AB	3.71
14	Strathmore	AB	3.61
15	Saint John	NB	3.35
16	Dawson Creek	BC	3.21
17	Camrose	AB	3.14
18	Swift Current	SK	2.55
19	Red Deer	AB	2.52
20	High River	AB	2.34

The Canadian Creativity Index versus growth and incomes for Eastern and Western Canada



The oil & gas sector versus growth and incomes for Eastern and Western Canada



Canada's two economic models

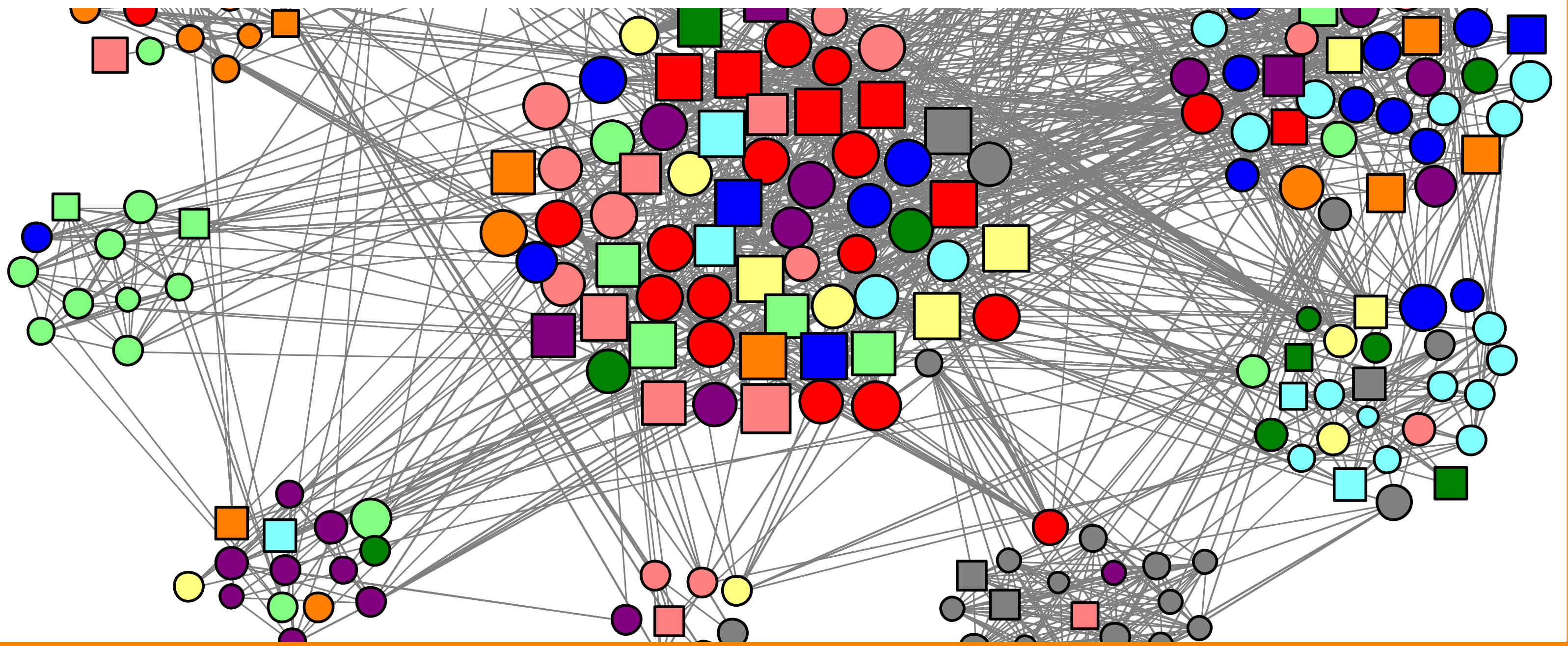
1. Canada's economic history is dominated by a narrative that we are an exporter of natural resources
2. However, if we are to build a sustainable future it must be based on creativity and innovation
3. This is happening in cities
 - How do we make this happen in rural areas?

City size versus the Canadian Creativity Index



Section 3

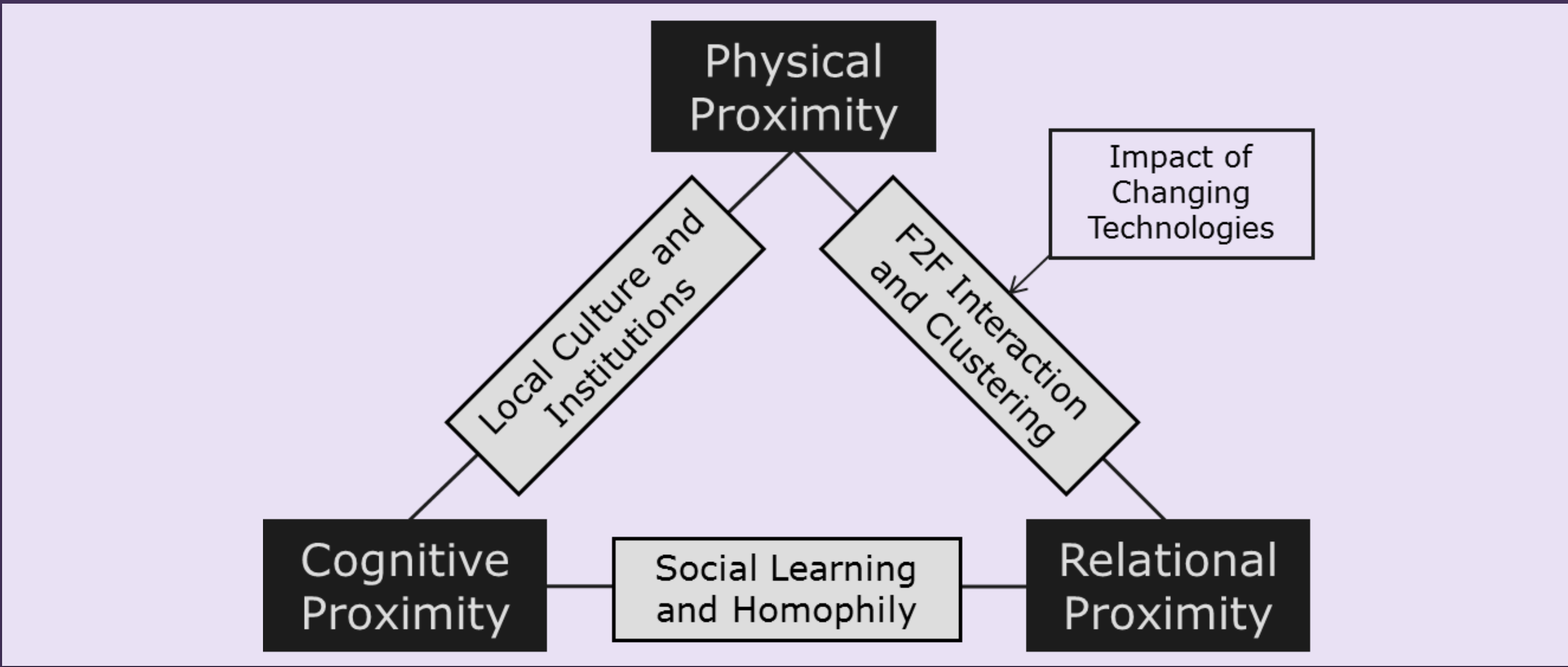
The geography of the creative process



Understanding the creative process

1. Creativity as a social process
2. Novel combinations of existing knowledge
3. Value derived from acceptance/impact of new ideas
4. Arts & cultural knowledge as distinct from science & technical knowledge
5. Intrinsic motivation

Location + relationships + knowledge + location...



Modelling the geography of the creative process

Journal of Economic Geography Advance Access published March 27, 2011

Journal of Economic Geography (2011) pp. 1–25 doi:10.1093/jeg/lbr002

Creative economies of scale: an agent-based model of creativity and agglomeration

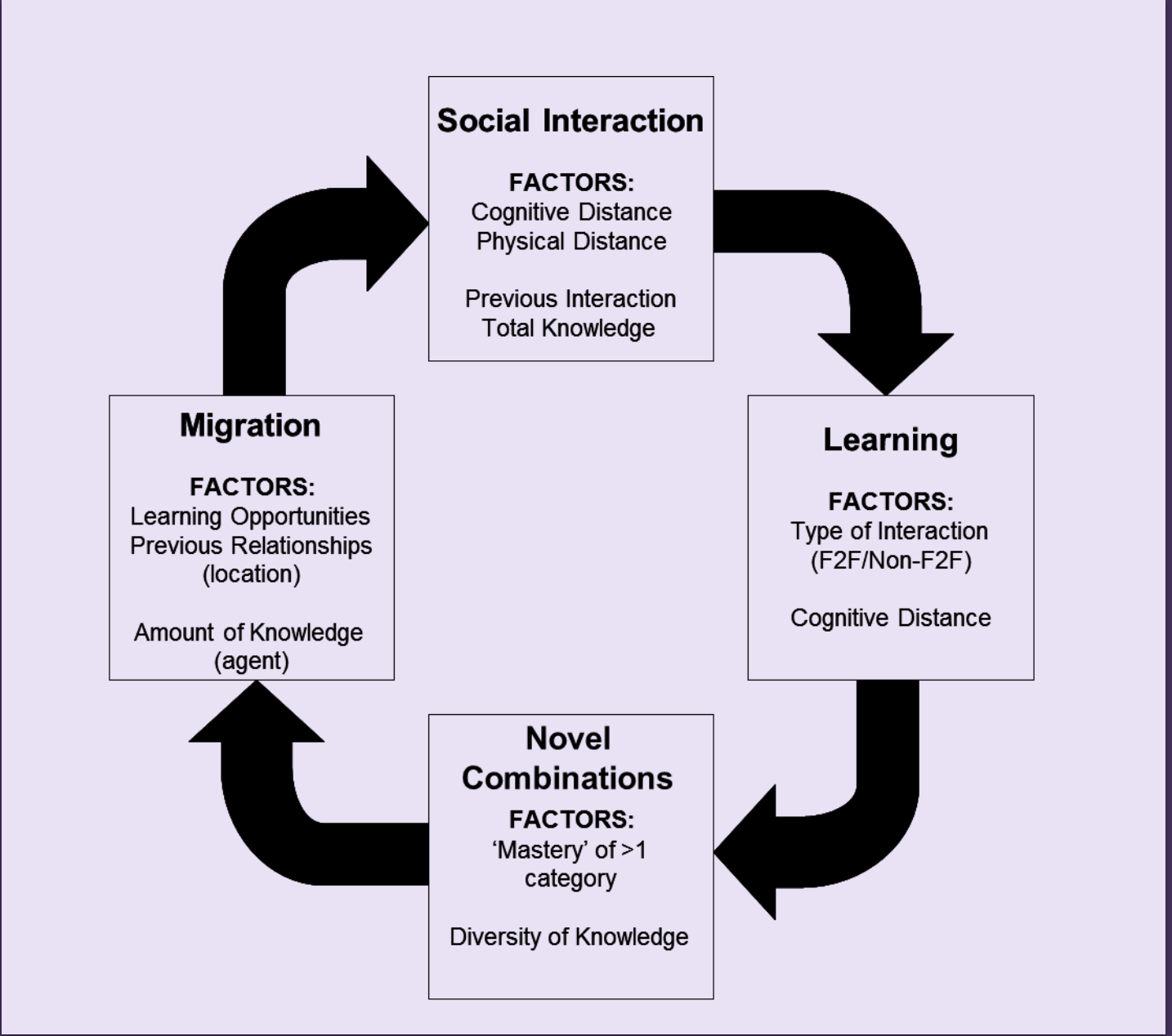
Gregory M. Spencer
 Munk School of Global Affairs, University of Toronto, Canada. email <greg.spencer@utoronto.ca>

Abstract
 This article presents an agent-based model that simulates the social dynamics of the creative perspective within an evolutionary economic geography framework. Stylized facts are developed from the social psychology, network analysis and economic geography literature in order to construct specific agent behaviours with respect to four types of actions: social interaction, learning, creativity and migration. The model demonstrates how location affects the evolution of social networks from a neutral initial state and in turn how these trajectories establish varying contexts in which creative activity can flourish or founder. Ultimately, the model shows why individuals tend to be more creative in large and diverse locations. The article presents four additional scenarios which test notions of: local diversity versus specialization; nature versus nurture; the role of differing local education strategies; and competing talent attraction and retention strategies.

Keywords: creativity, diversity, evolutionary, agent-based model, social networks
JEL classification: R12
Date submitted: 17 February 2009 **Date accepted:** 3 February 2011

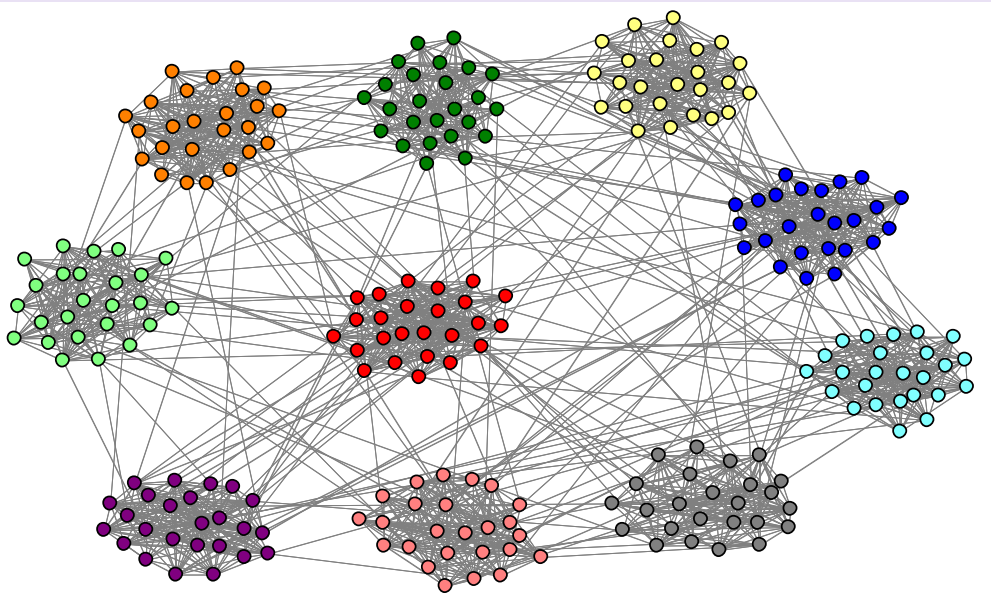
1. Introduction
 Creativity has recently garnered a significant amount of attention in the economic geography literature. The term 'creative' in the context of economic geography is quite often associated with the work of Florida (2002). The 'creative class' thesis has generated a great deal of debate from both political–economy perspectives (Peck, 2005) and methodological standpoints (Glaeser, 2005). This article does not directly address either of these debates but instead attempts to provide an alternate framework based on a deeper understanding of the creative process and specifically how place plays a role in the process. Creativity can be viewed as a central concept to regional economic geography when viewed in conjunction with the notion of all economic activity as being culturally embedded within complex patterns of social relationships (Granovetter, 1985; Gertler, 1995). In this respect, creativity is a fundamental process, one that generates culture and therefore is also responsible for the heterogeneity within and between places

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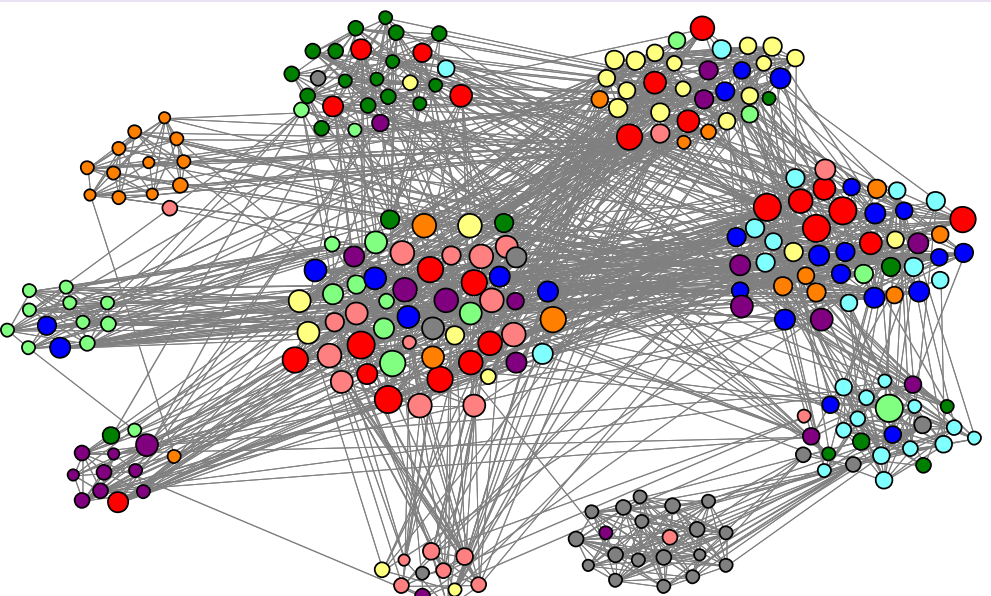


Modelling the geography of the creative process

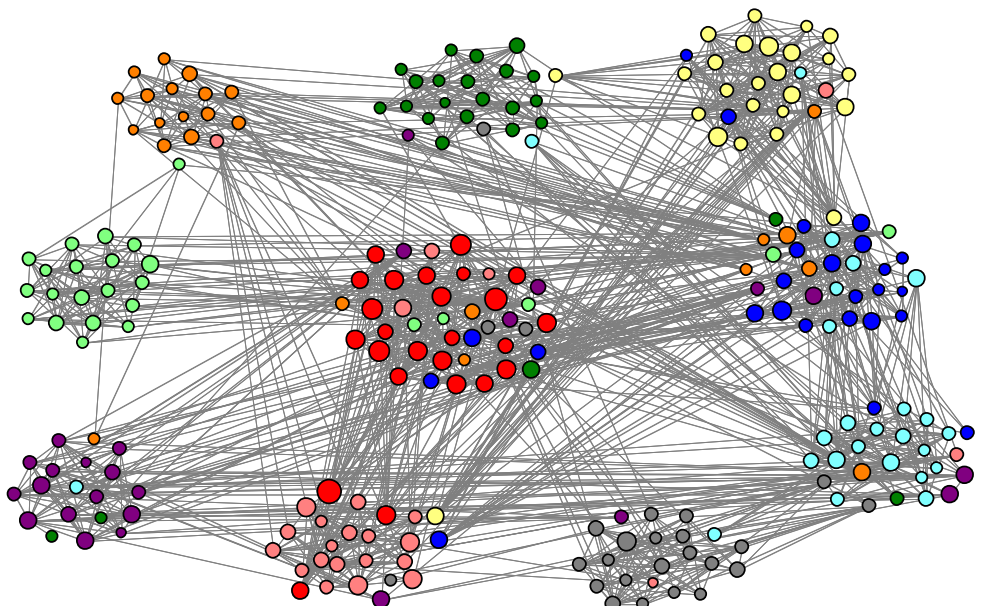
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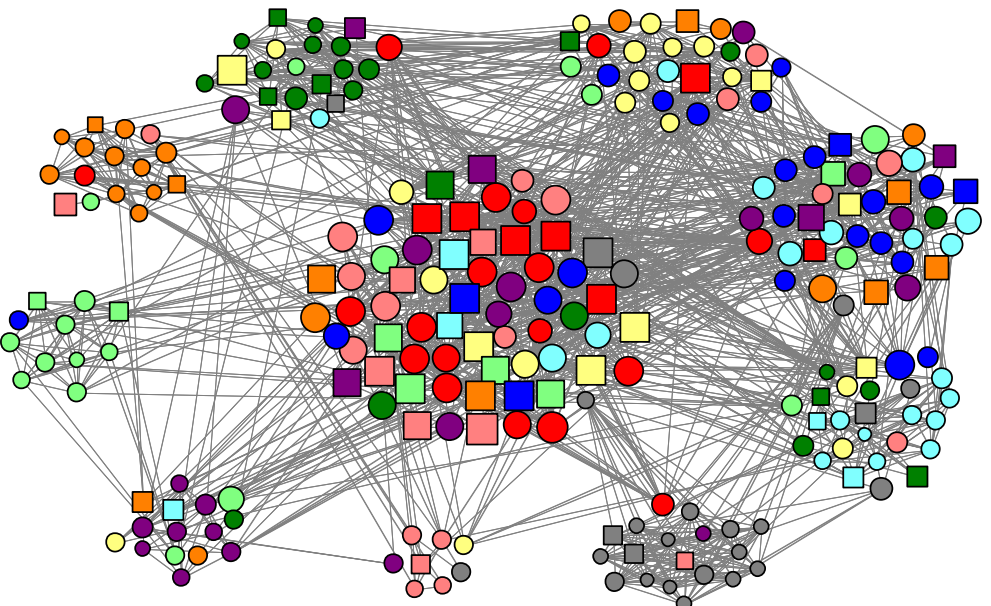
Stage 20



Stage 10



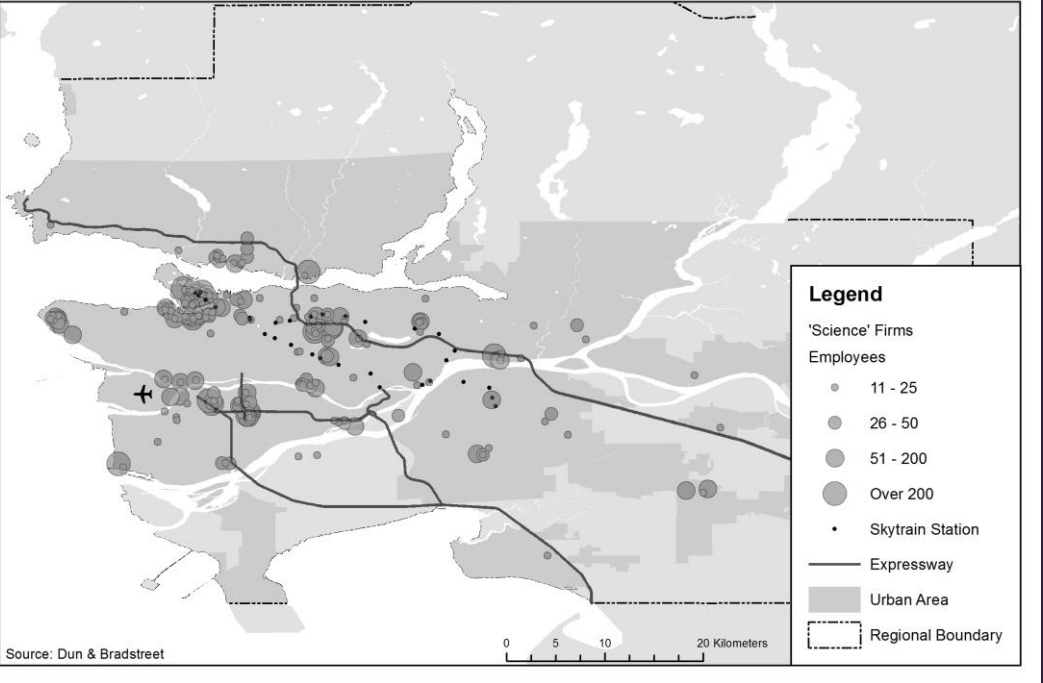
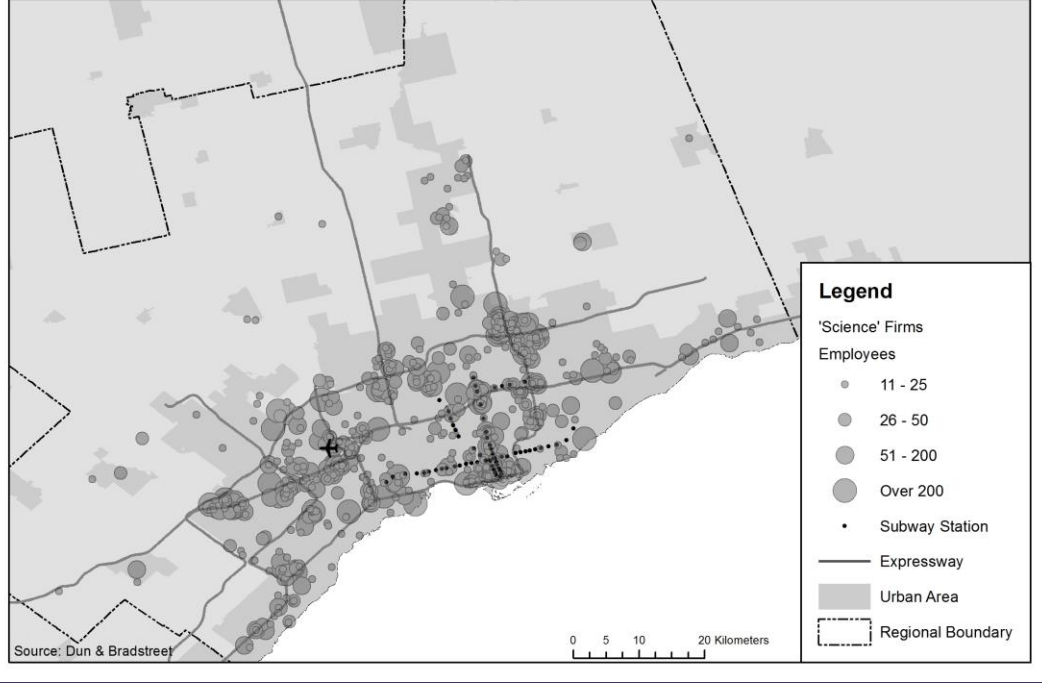
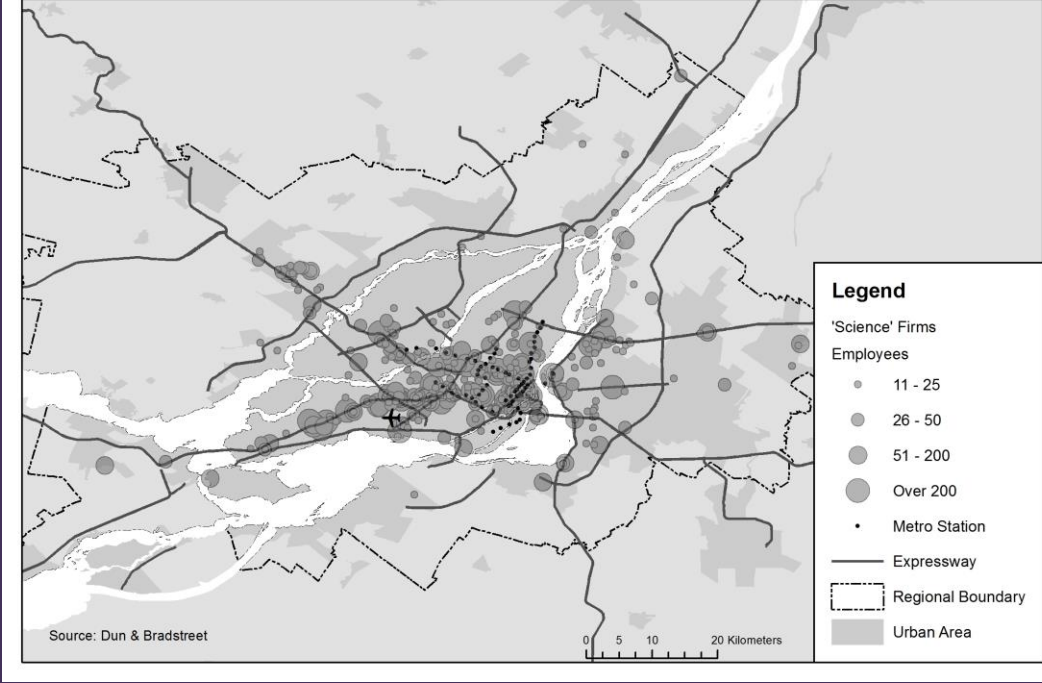
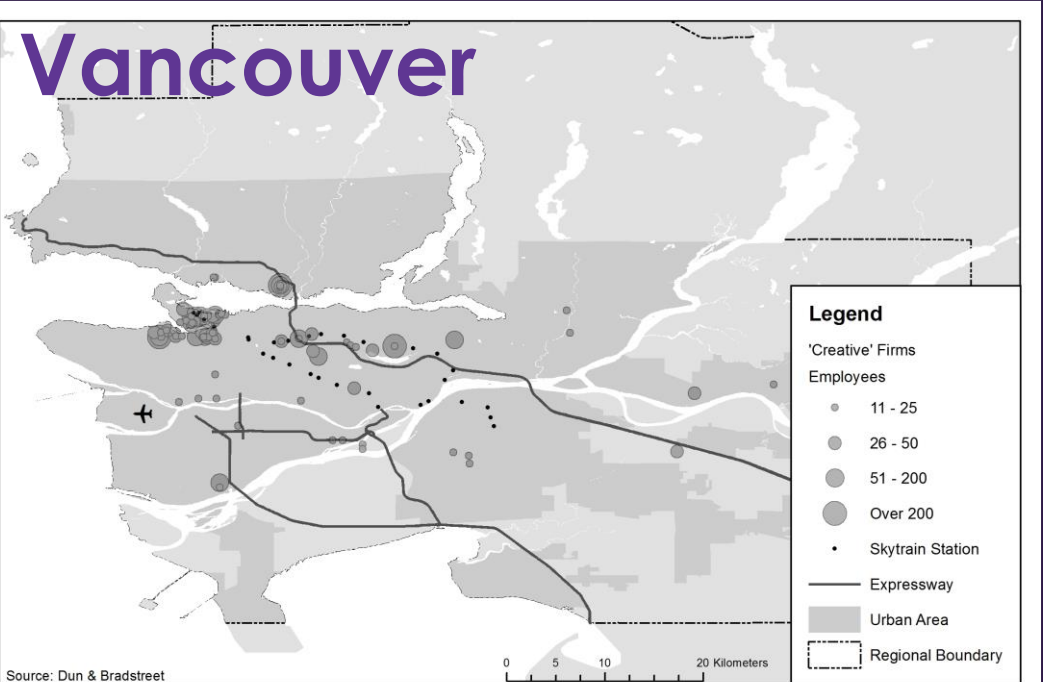
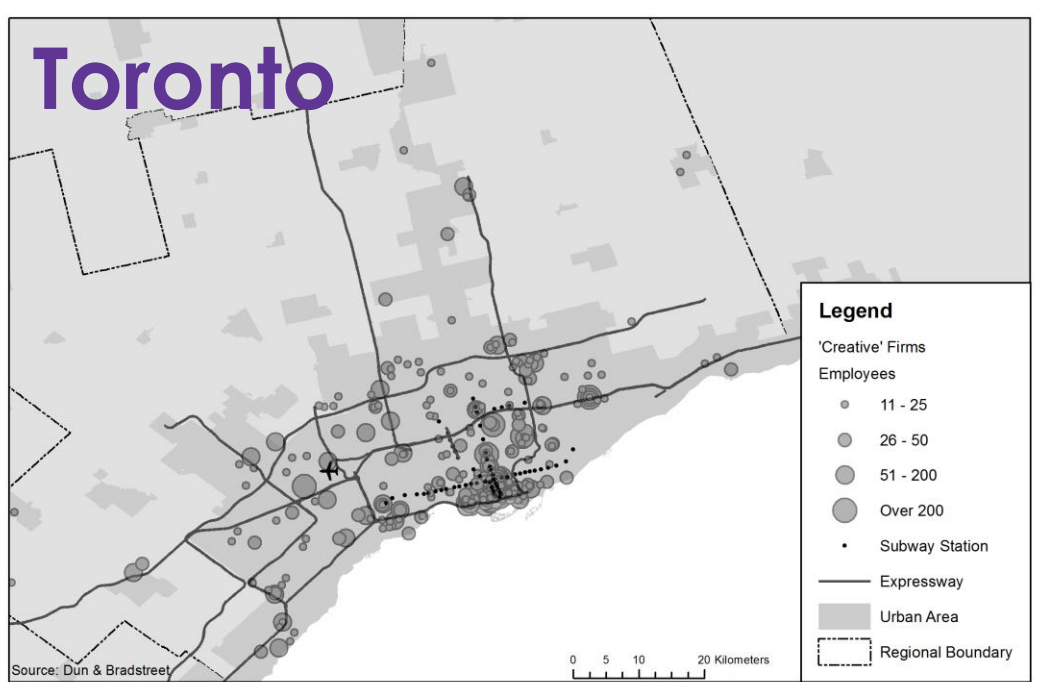
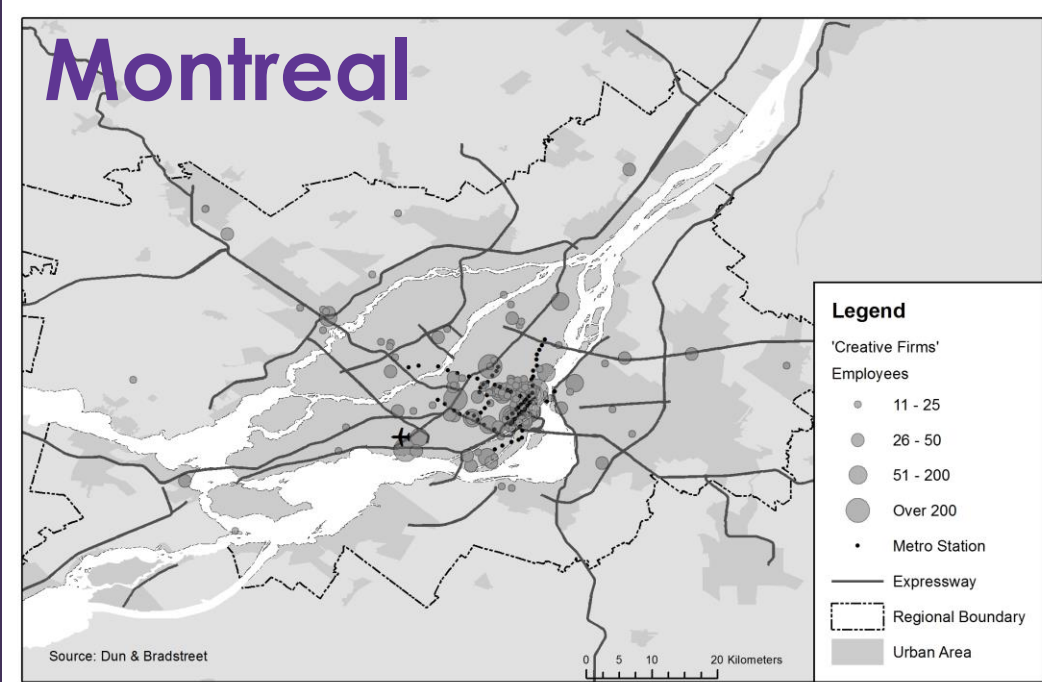
Stage 30



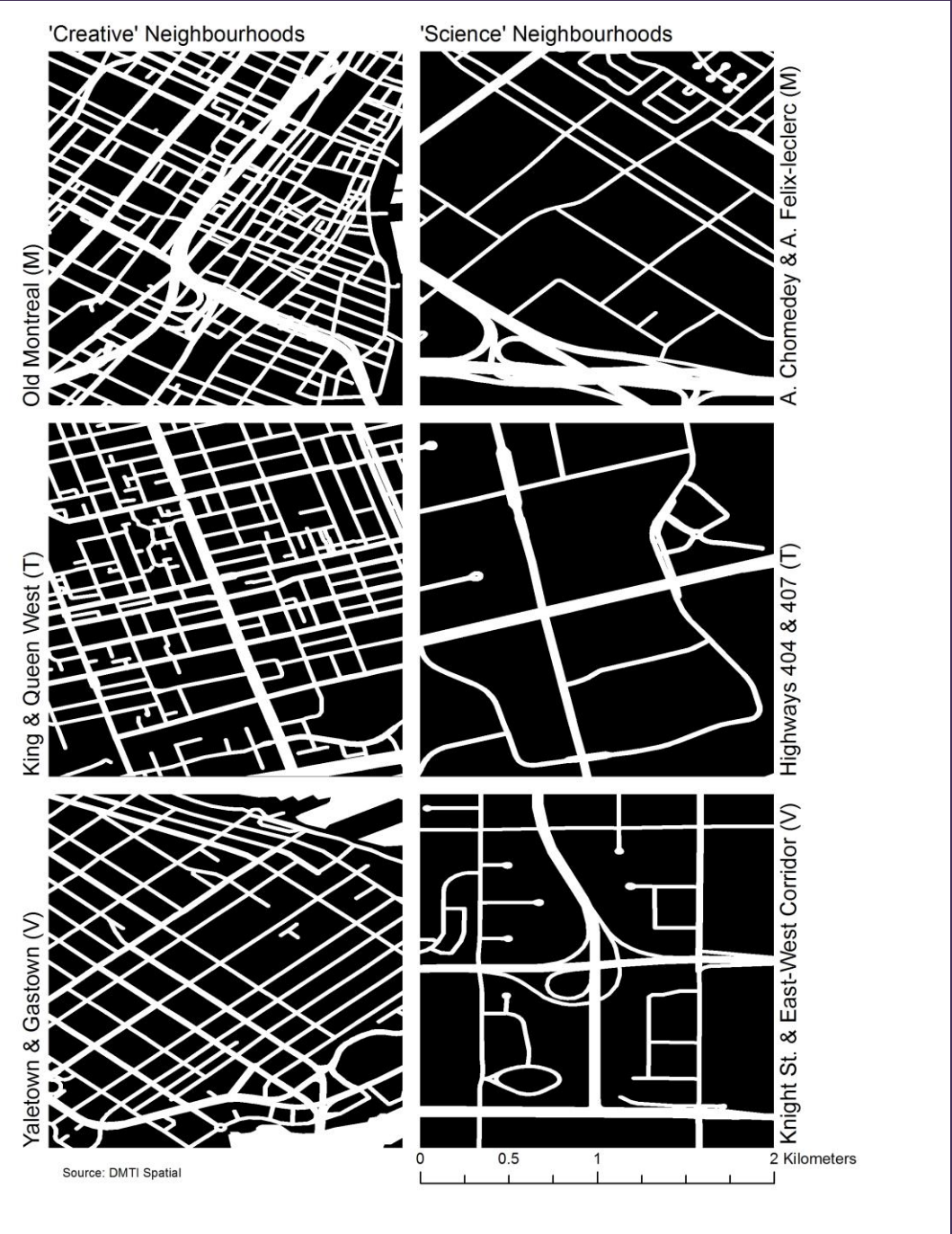
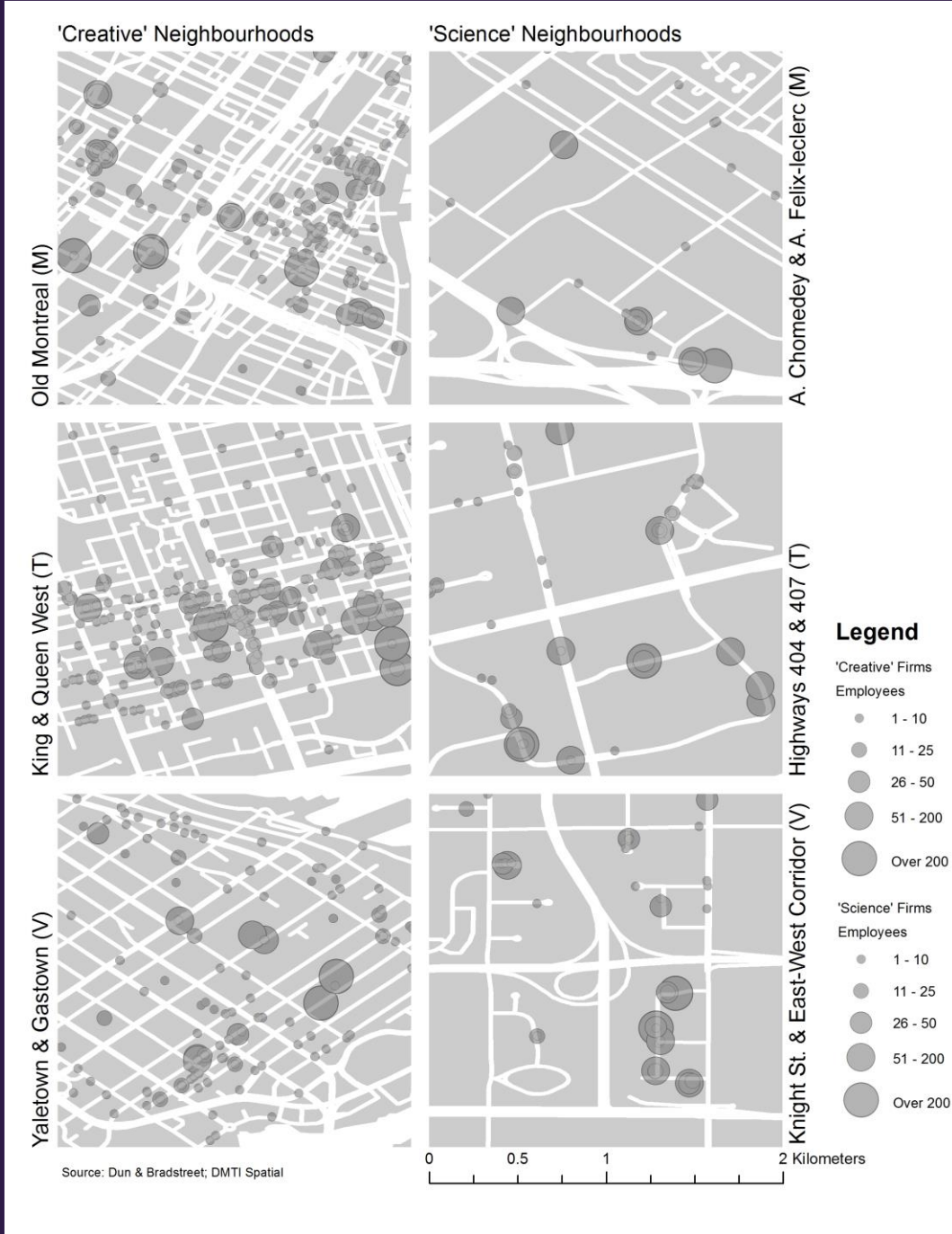
Where creative and S&T industries are in Canada

	'Creative' Industries			'Science' Industries		
NAICS Codes	5121 Motion picture and video industries*			3254 Pharmaceutical and medicine manufacturing		
Definitions	5122 Sound recording industries			5112 Software publishers		
	5151 Radio and television broadcasting			5415 Computer systems design and related services		
	5414 Specialized design services			5417 Scientific research and development services		
	7111 Performing arts companies			6215 Medical and diagnostic laboratories		
	7115 Independent artists, writers and performers					
	Employment	LQ	National Share	Employment	LQ	National Share
Montreal	43,550	1.62	18.4%	68,455	1.61	18.4%
Toronto	62,855	1.63	26.6%	98,505	1.62	26.4%
Vancouver	28,385	1.76	12.0%	37,075	1.46	9.9%
3-region total	134,790	1.65	57.1%	204,035	1.58	54.7%

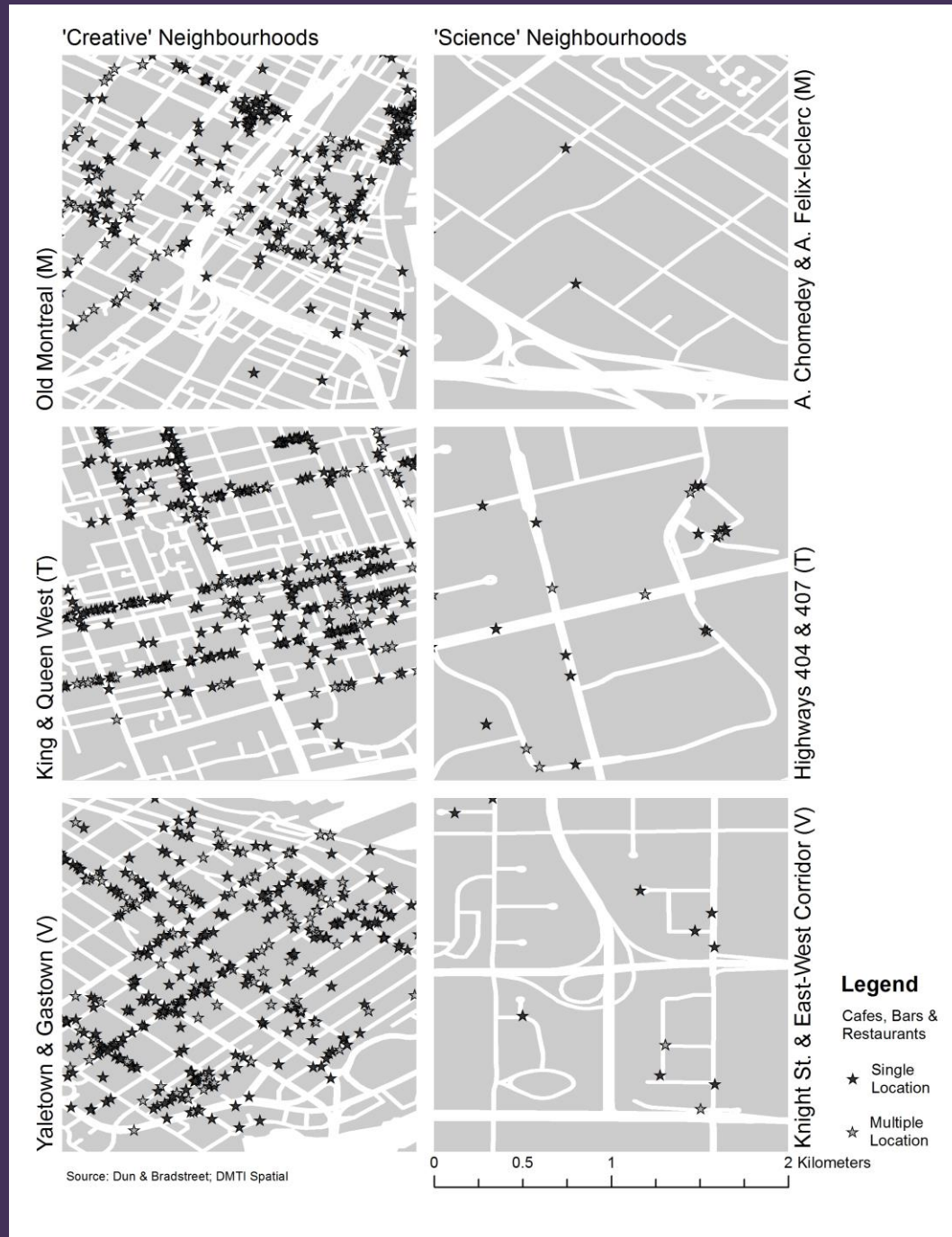
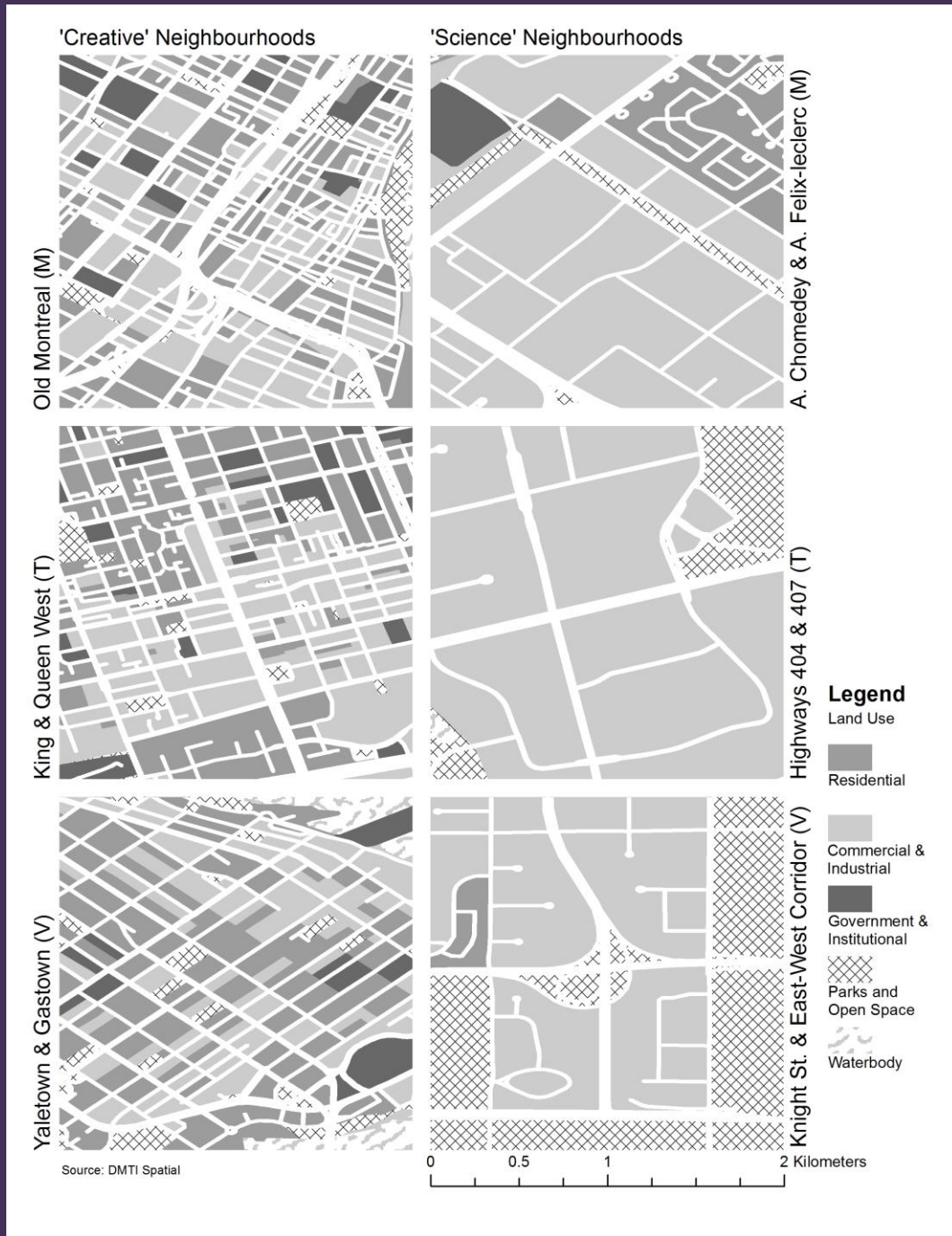
Creative industries in the center and science industries in the suburbs



'Creative' neighbourhoods versus 'science' neighbourhoods



'Creative' neighbourhoods versus 'science' neighbourhoods



'Creative' neighbourhoods versus 'science' neighbourhoods

Characteristics	'Creative' Neighbourhoods	'Science' Neighbourhoods
Firm Location	Edge of core	Suburban
Office Rents	Medium-high	Low-medium
Firm Structure	Micro-Small	Medium-Large
Anchors	Venues; institutions	Large firms; institutions
Work force location	Overlapping	Adjacent
Transportation	Public; walk; bike	Private (cars)
Density	Very High	Low-medium
Land Use	Mixed	Mono
Building Types	Varied; adapted re-use	New; purpose-built
Bars, restaurants, cafes	Dense; authentic	Sparse; inauthentic
Change/evolution	Gentrification	Sprawl
Social dynamics	Larger social networks; Inter-firm (?)	Smaller social networks; Intra-firm (?)

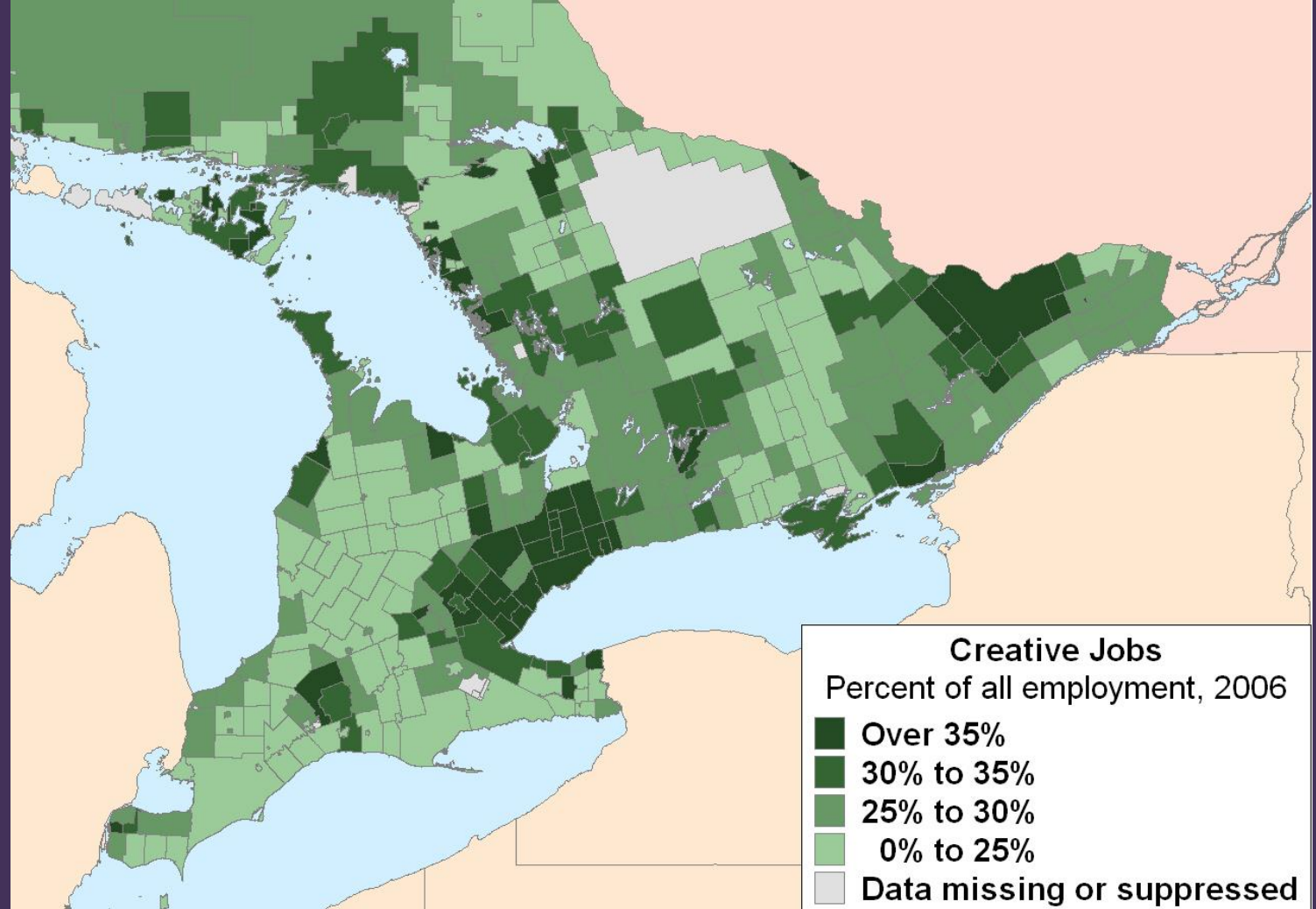
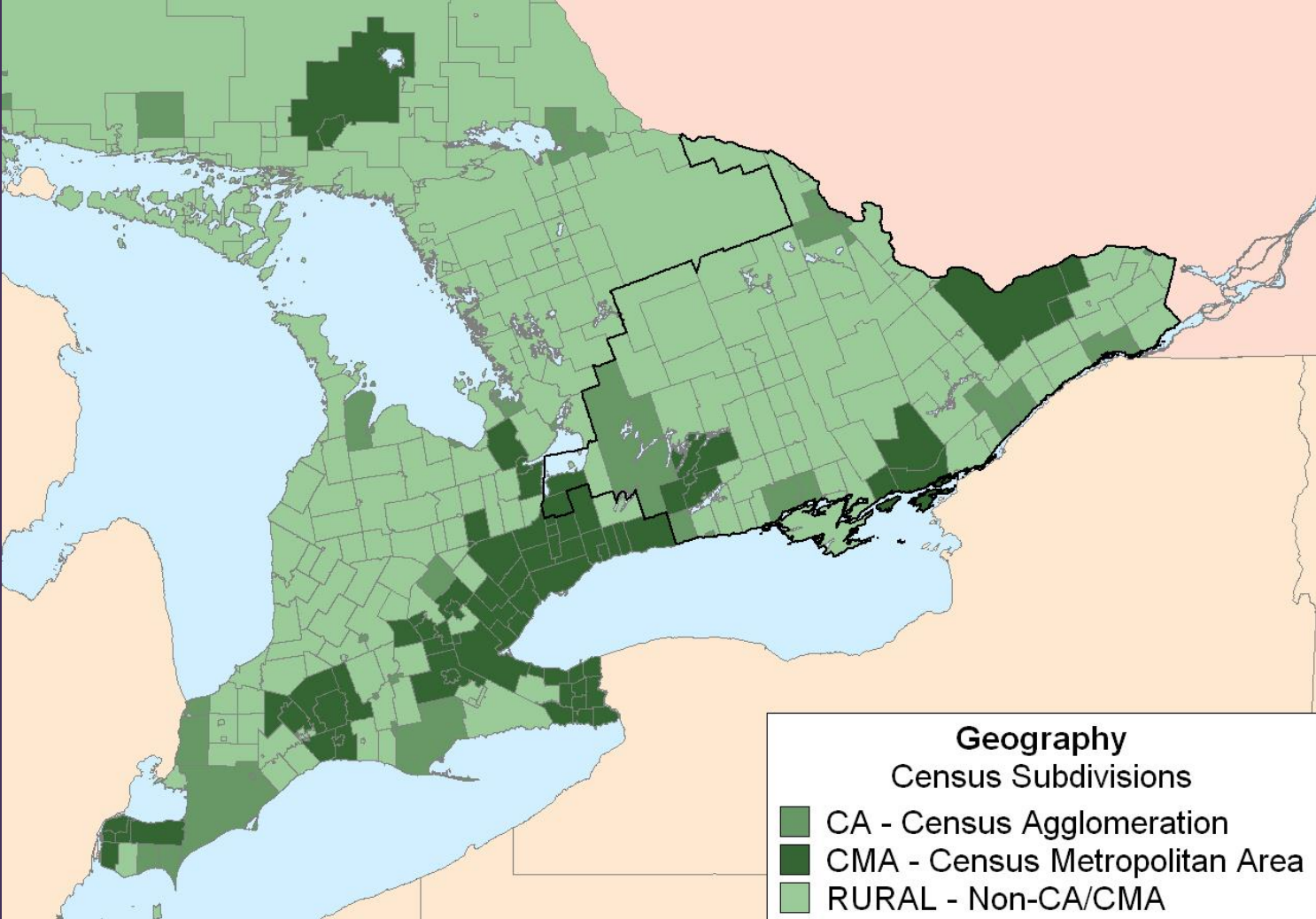
Different types of work, different types of knowledge

	Creative and Cultural Occupations	Science and Technology Occupations
Work Arrangements	High levels of self-employment	Low levels of self-employment
	High levels of contract, temporary, casual, and seasonal employment	High levels of regular, permanent employment
	High levels of multiple job holding	Low levels of multiple job holding
	High levels of part-time employment	High levels of full-time employment
	Highly irregular work schedules	Highly regular 9-5 Monday-Friday work schedules
Social Networks	Larger	Smaller
	More weak-ties	Fewer weak-ties
	Highly dynamic	Less dynamic
Spatial Systems	More local weak-tie relationships	Fewer local weak-tie relationships
	Live and work in same neighborhood	Clear geographic separation between home and work

Creative rural disadvantage

1. What does this mean for rural areas?
 - A lack of connectivity, diversity, possibility means there is an inherent disadvantage to the creative process in rural areas
2. This does not mean that creativity cannot and does not occur in rural areas (not a binary)
3. Instead, more intentional action and organization is required to overcome these disadvantages
 - Prince Edward County is a top example of this

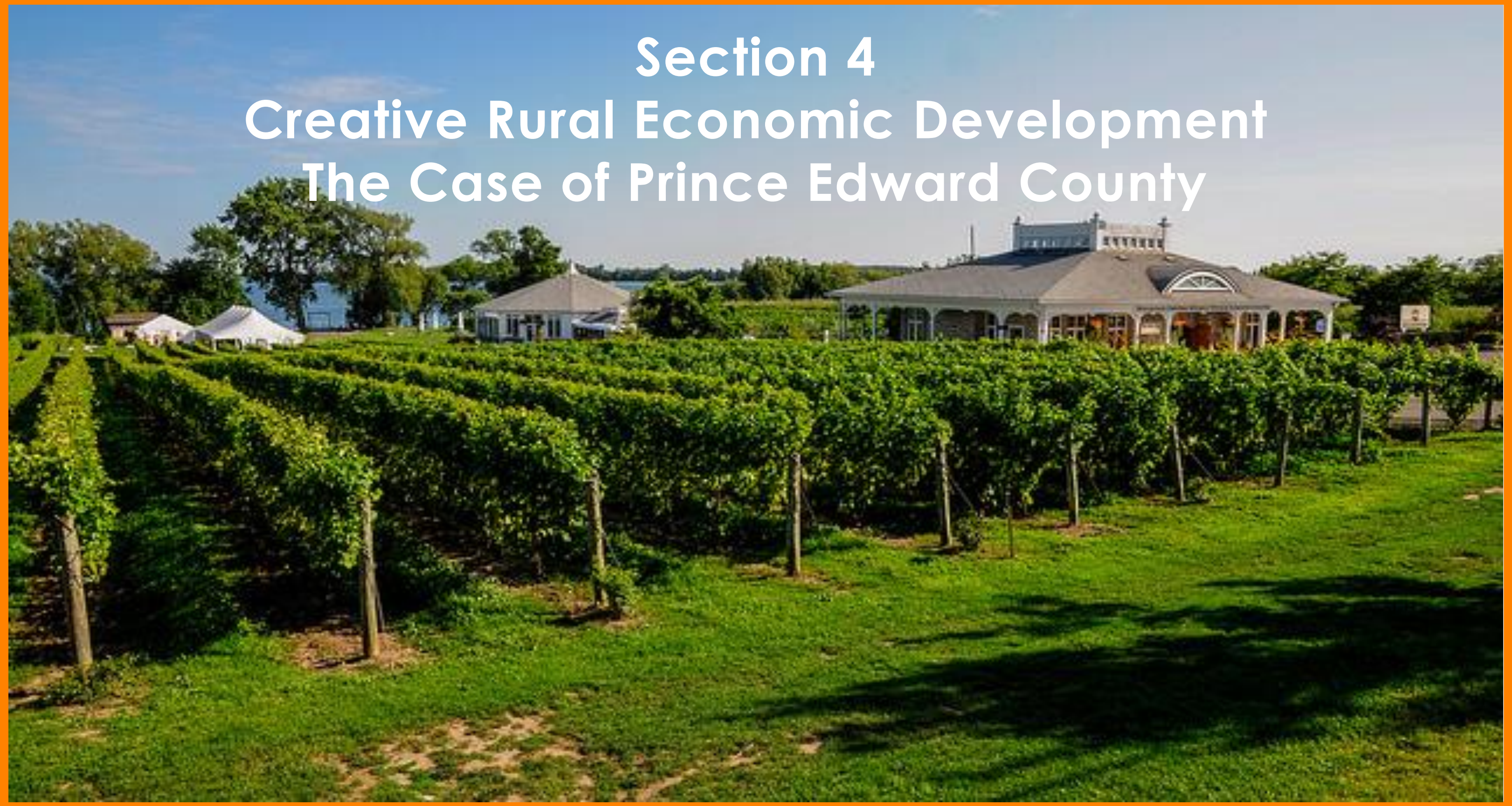
Urban geography and creative geography of Ontario



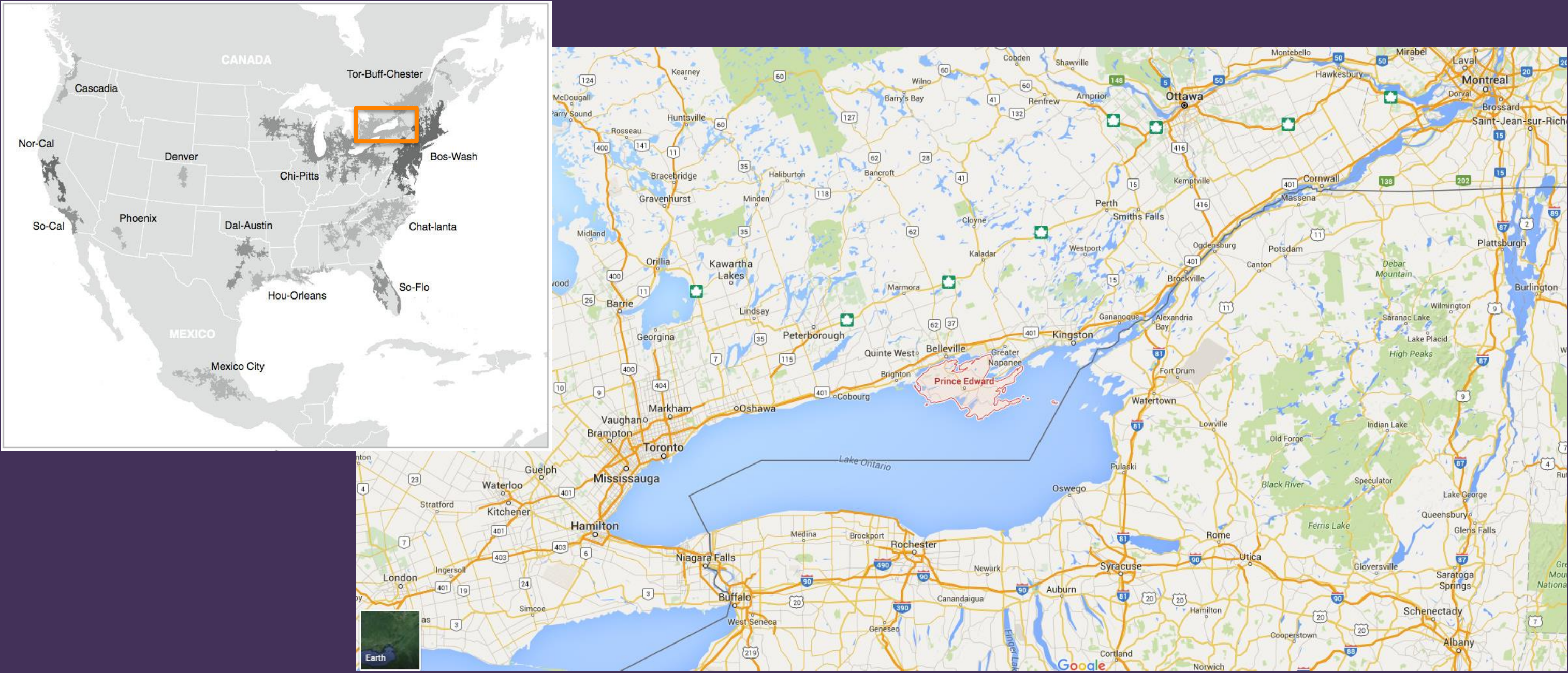
Section 4

Creative Rural Economic Development

The Case of Prince Edward County

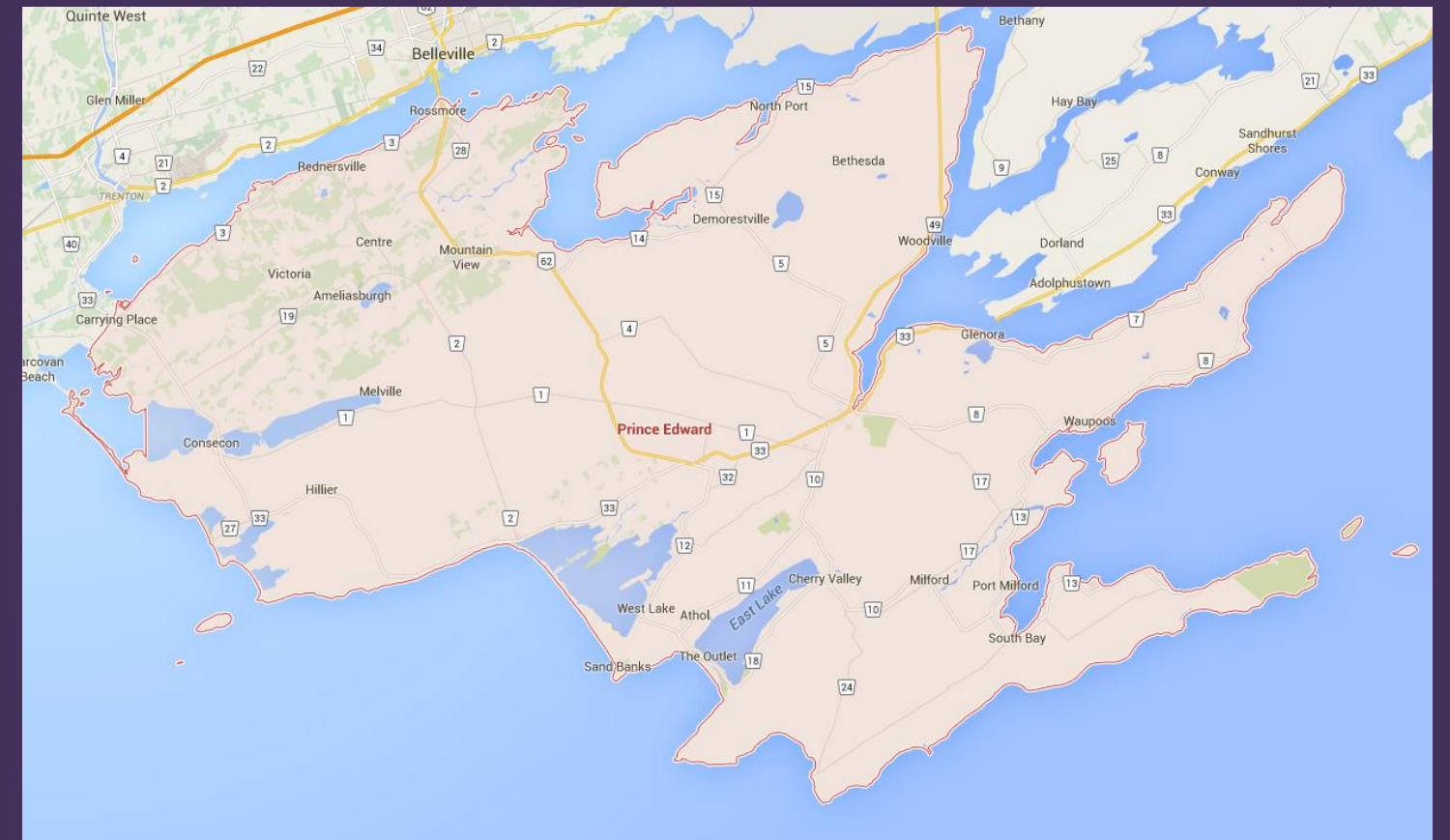


Prince Edward County - location



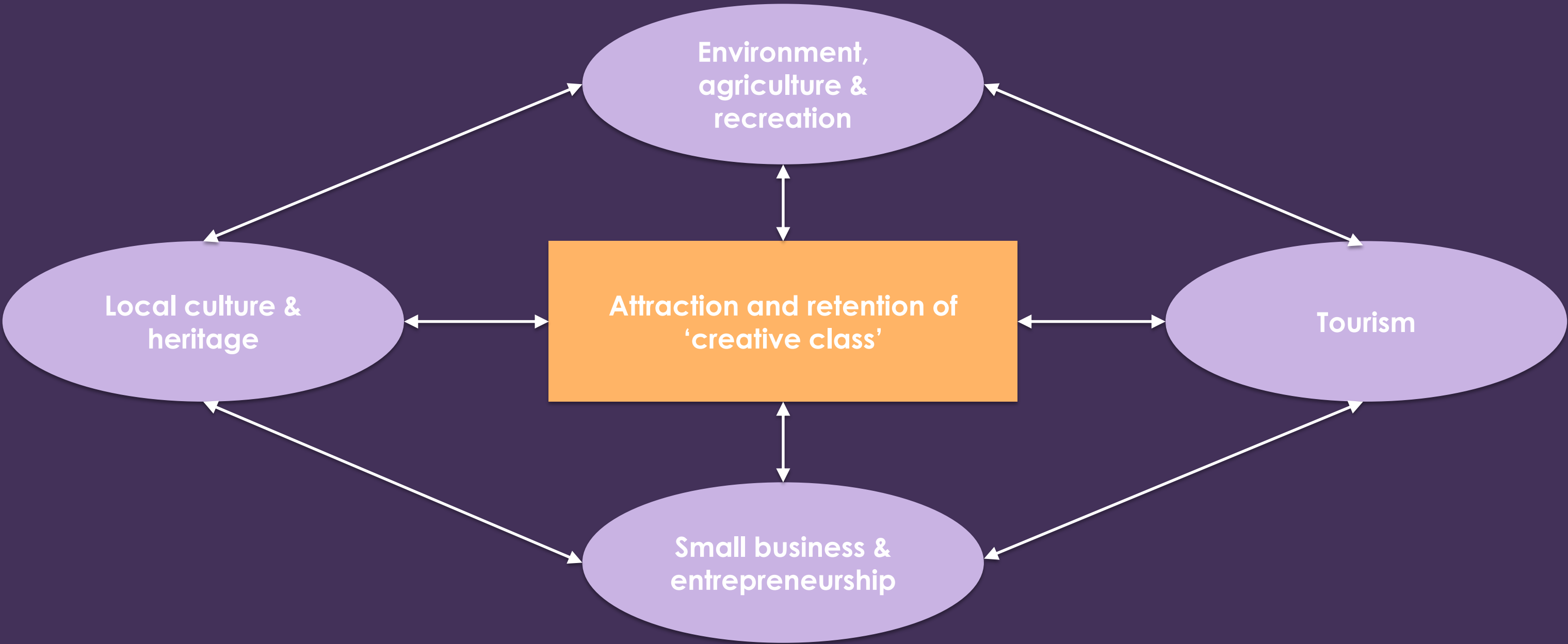
Prince Edward County - basic facts

1. Population of 25,000
2. Land areas of 1,000 sq km
3. Located within 2-3 hour drive of Toronto, Montreal, and Ottawa
4. Environment highly suitable for agriculture and recreation



<https://www.youtube.com/watch?v=wK6OmixL6dE>

Five pillar economic strategy



Environment, agriculture & recreation

1. Rich soil and abundant water
2. Good for a variety of higher value crops
3. Grape growing is key
4. Extremely seasonal



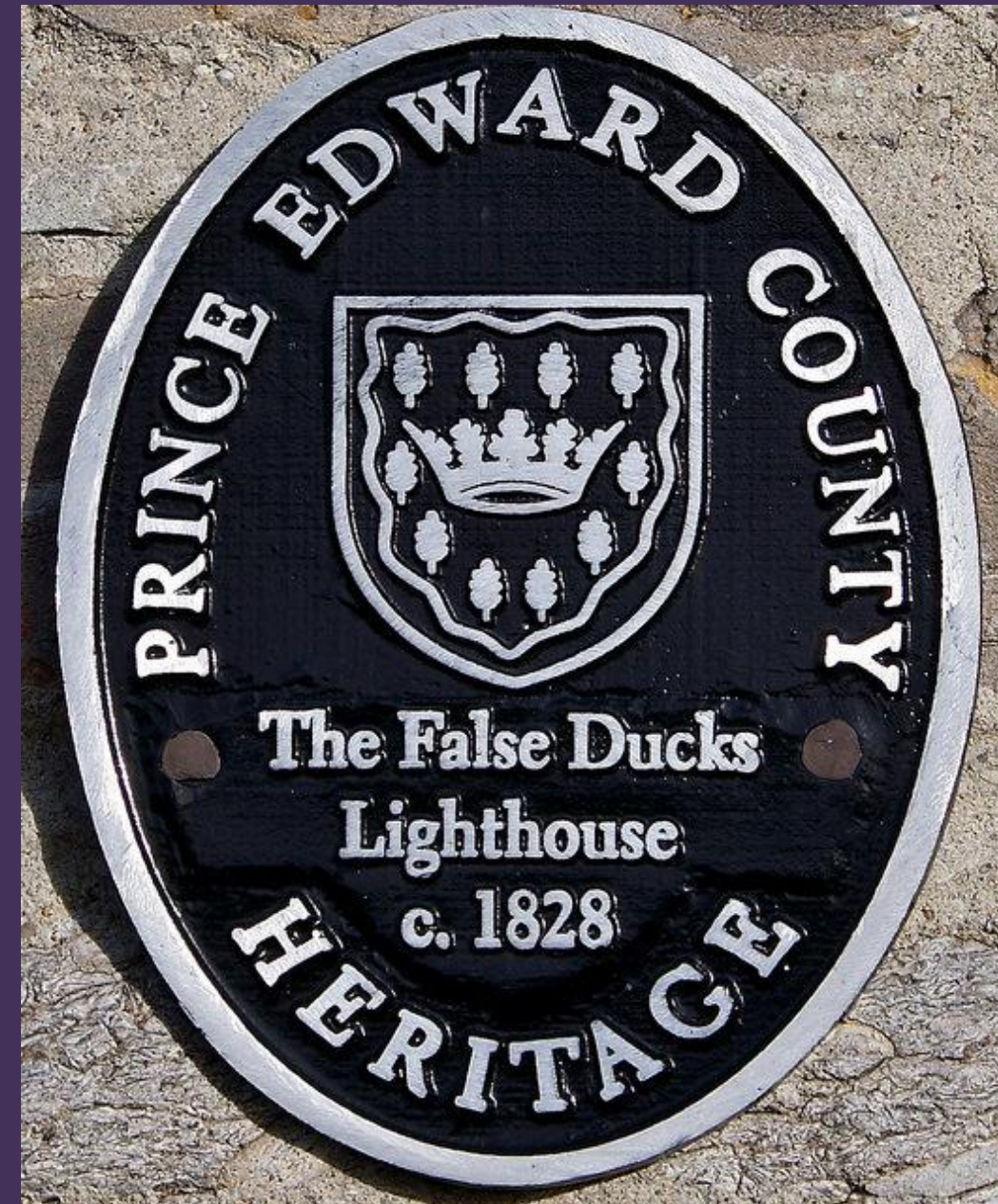
Environment, agriculture & recreation

1. Water as a key aspect of recreation
2. Sandbanks Provincial Park
3. Boating and kite surfing are highly popular
4. Flat landscape + little traffic attracts cyclists



Local culture & heritage

1. Key settlement period occurred in the wake of the American Revolution (1770s)
2. 'United Empire Loyalists'
3. Long standing agricultural tradition



Local culture & heritage

1. Contemporary geography is defined by being an idyllic rural setting in close proximity to major population centers
2. Artists and craftspeople have chosen Prince Edward County as their home in recent decades
3. Drawn to lifestyle as well as growing critical mass



Paulette Greer
Owner | Propriétaire

The historical 1862 building serves as the backdrop for the wonderful collection of over 175 artists and artisans from the area. Featuring the "Gallery within the Gallery" where each month an artist will be displaying art in a unique private setting. Offering a variety of items including one of a kind jewelry pieces, pottery, stained glass, wood carvings/bowls, custom made tables/ottomans,

clothing and hand-knit items. At the helm is Paulette Greer who runs not only the gallery but its custom picture framing shop with over 24 years' experience as a picture framer. **Open 9am to 5pm, Mon to Sat, year round. Open 11am-4pm, Sun, Mar to Dec.**



f SideStreet Gallery

Un bâtiment historique qui remonte à 1862 sert de toile de fond pour la merveilleuse collection de plus de 175 artistes et artisans de la région. Mettant en vedette « la galerie à l'intérieur de la galerie », où tous les mois, un artiste présente son art dans un milieu privé. SideStreet offre une variété d'articles incluant des bijoux, objets de poterie, vitraux, bols et sculptures en bois, tables et ottomans sur commande, vêtements et tricots faits à la main. À la barre, Paulette Greer, qui dirige non seulement la galerie, mais aussi l'atelier d'encadrement sur mesure. Elle possède 24 ans d'expérience à titre d'encadreur. **Ouvert de 9 h à 17 h, du lundi au samedi, durant toute l'année, et de 11 h à 16 h, les dimanches, du mois de mars au mois de décembre.**



<http://artstrail.ca/artstrail/studios-galleries/sidestreet-gallery/>

Tourism

1. The tourism sector's success is a product of the local environment and heritage
2. Food is the key mechanism that connects each element
3. Emphasis on local and quality



Tourism

1. There has been a conscious effort to align agriculture, viniculture, restaurants, artists, and galleries within the county
2. There has also been a conscious effort to link these efforts with marketing to major population centers
3. Event organizing as a mechanism



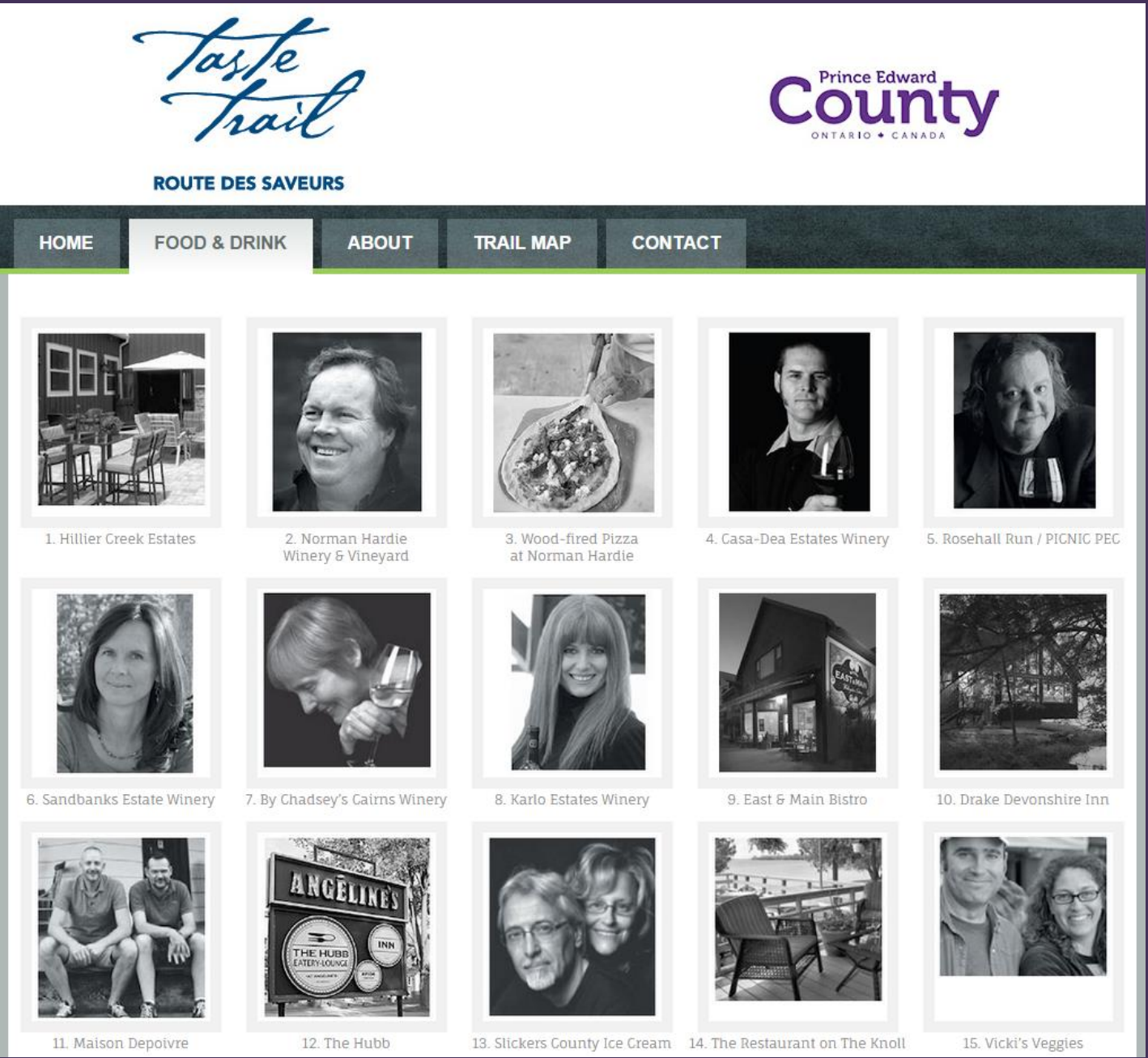
Tourism

1. A Prince Edward County 'brand' has been cultivated that mingles urban cultural sophistication with rural amenities and lifestyle
2. Seen as a close 'getaway' destination that still caters to the tastes of urbanites with high expectations and high disposable incomes



Small business and entrepreneurship

1. The business profile of PEC is overwhelming characterized by small and medium sized businesses
2. There has been a concerted effort to align and organize these businesses
3. This has two effects:
 - increase linkages between SMEs
 - Build capacity to market the community as a whole rather than as individual entities

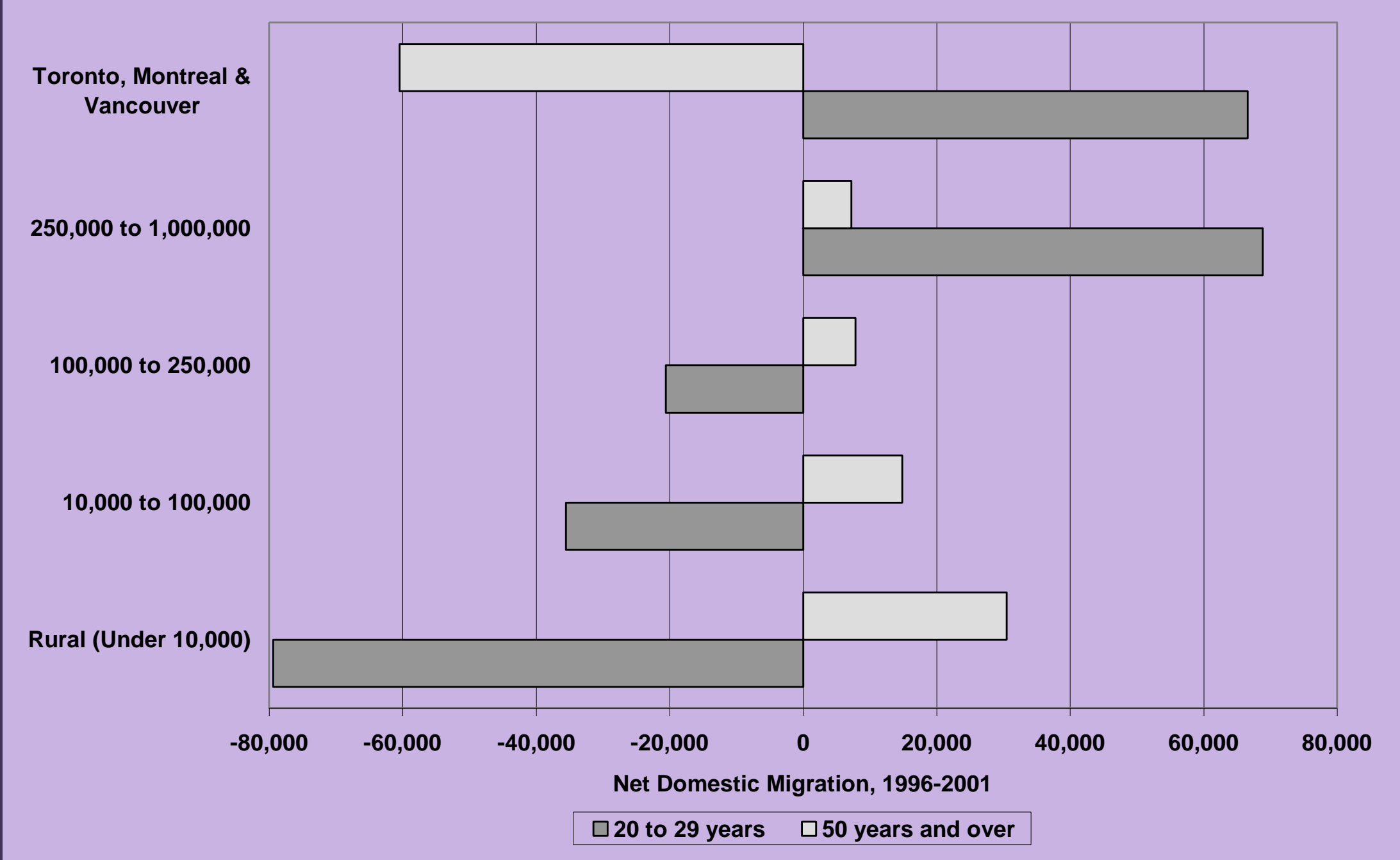


Small business and entrepreneurship

1. Entrepreneurship has been strongly encouraged in PEC
2. There are many examples of city-dwellers moving to the county to start new businesses (not necessarily related to their previous careers)
3. Often these are older demographics that are interested in creating 'lifestyle businesses'



How rural economies like PEC can compete for talent in the creative economy



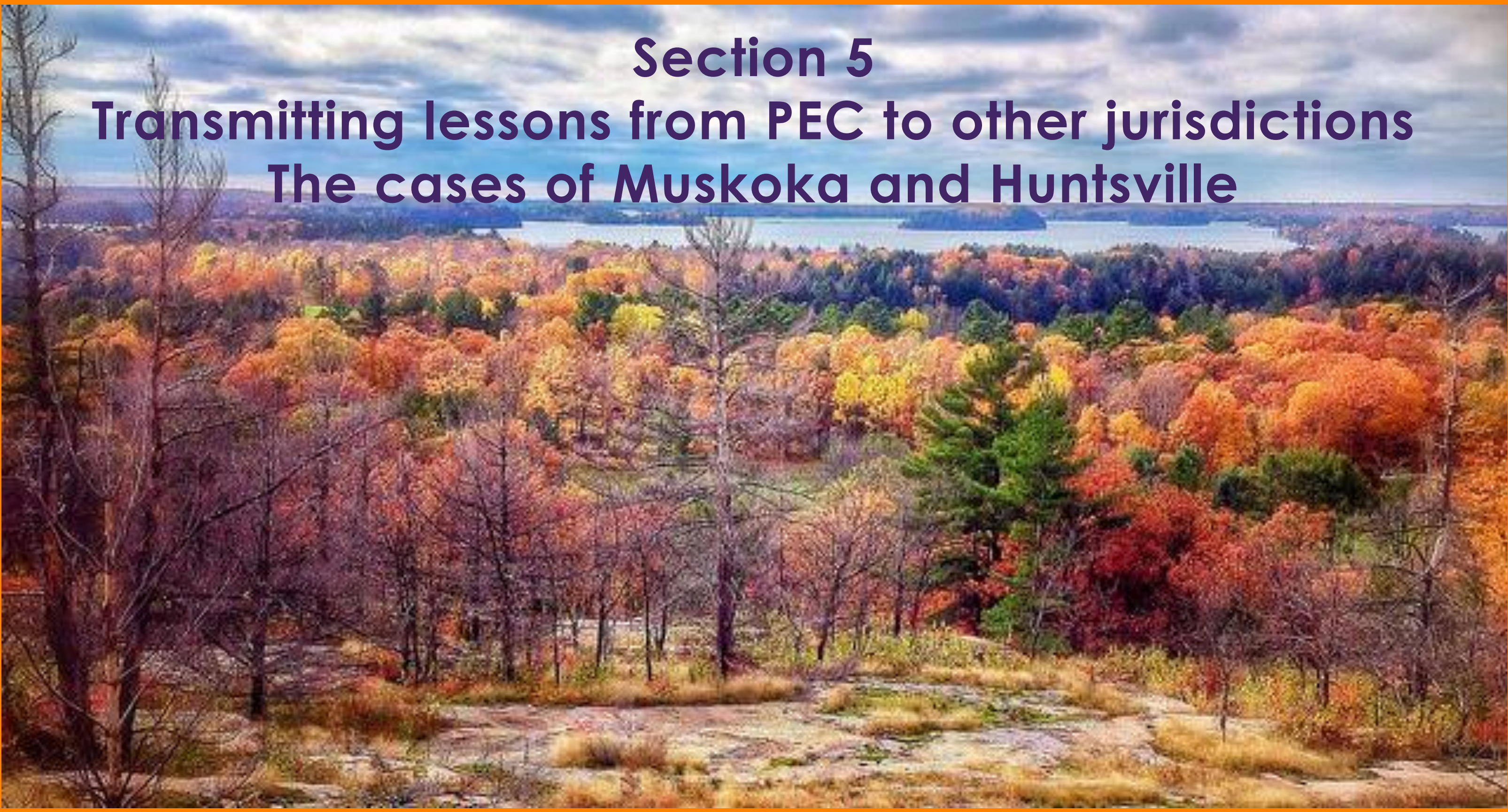
How rural economies like PEC can compete for talent in the creative economy

1. Rural places in Canada (and elsewhere) are often able to attract older workers who are nearing retirement – some want to start new businesses
2. Issue is that these businesses are ‘lifestyle’ businesses with limited growth potential and time horizons
3. Youth retention is the biggest issue – local areas must sell themselves as viable alternatives as well as offer custom tailored programs for young people

Section 5

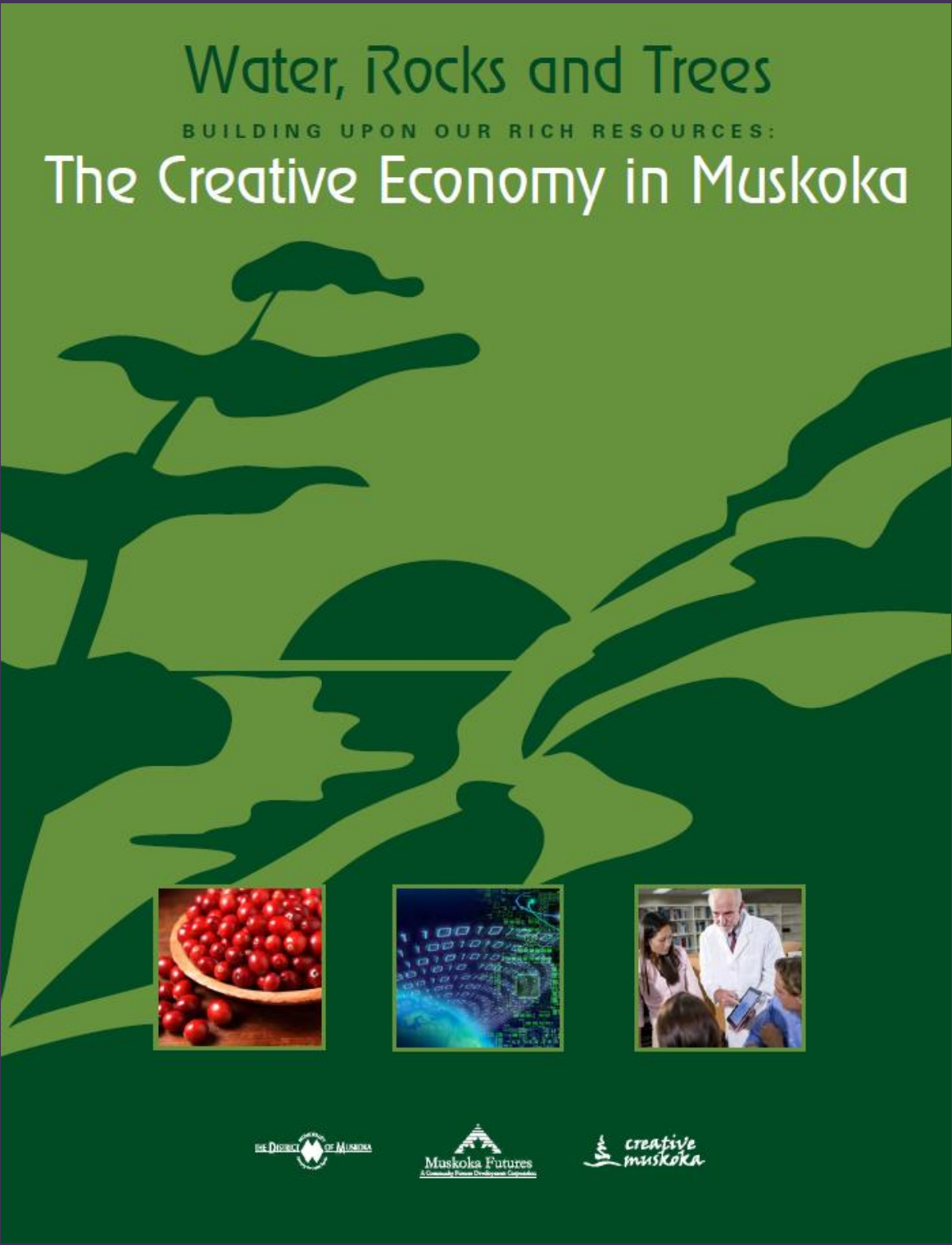
Transmitting lessons from PEC to other jurisdictions

The cases of Muskoka and Huntsville

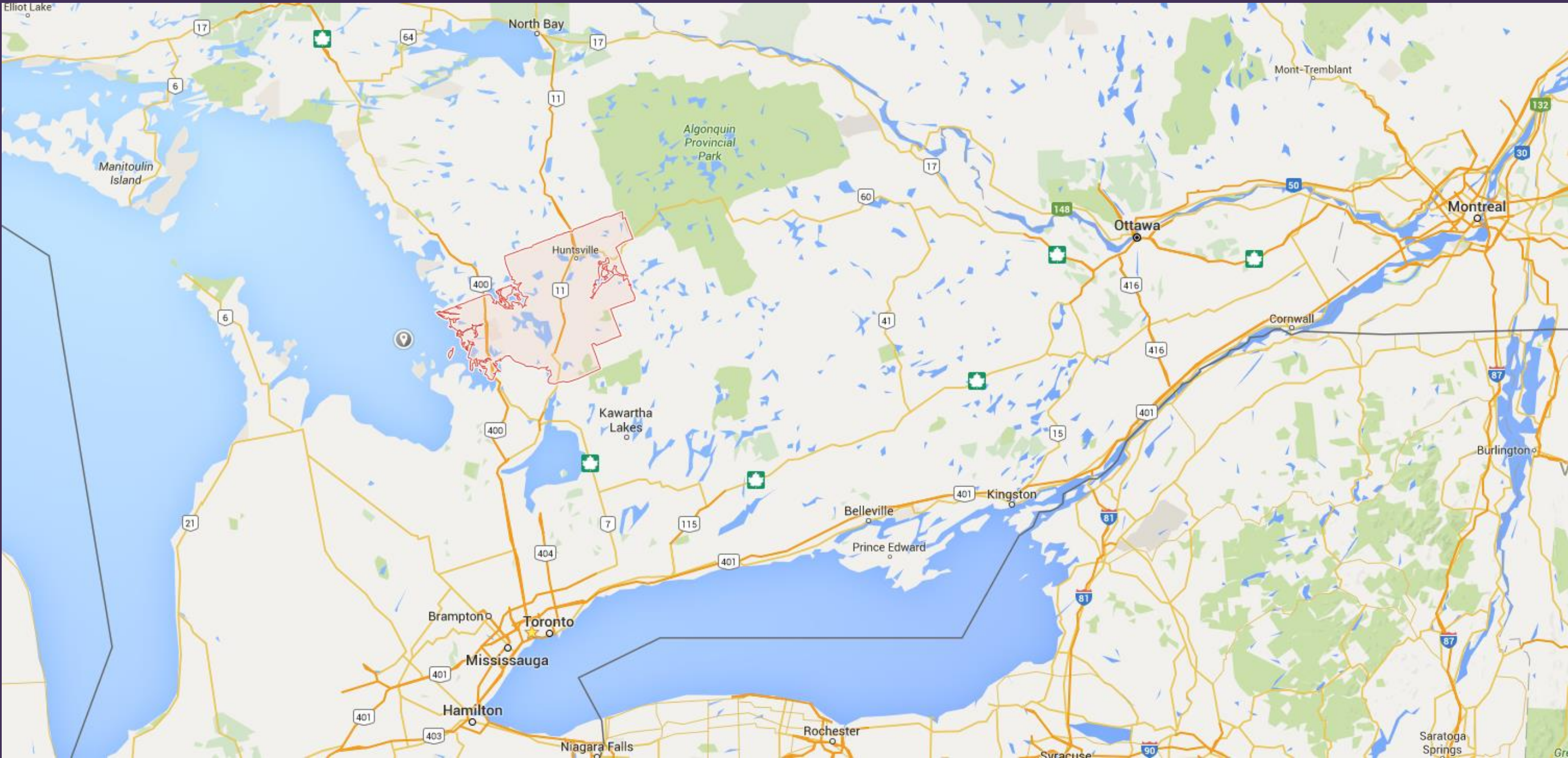


Increasing interest in creative rural economic development

1. After the Rural Creative Economy report for PEC was released in 2009 there was increased awareness and interest from other jurisdictions
2. The region of Muskoka, Ontario provided some research funding for a study of their local creative economy
3. Undertaken by Robin Shyllit under my supervision



The location of Muskoka



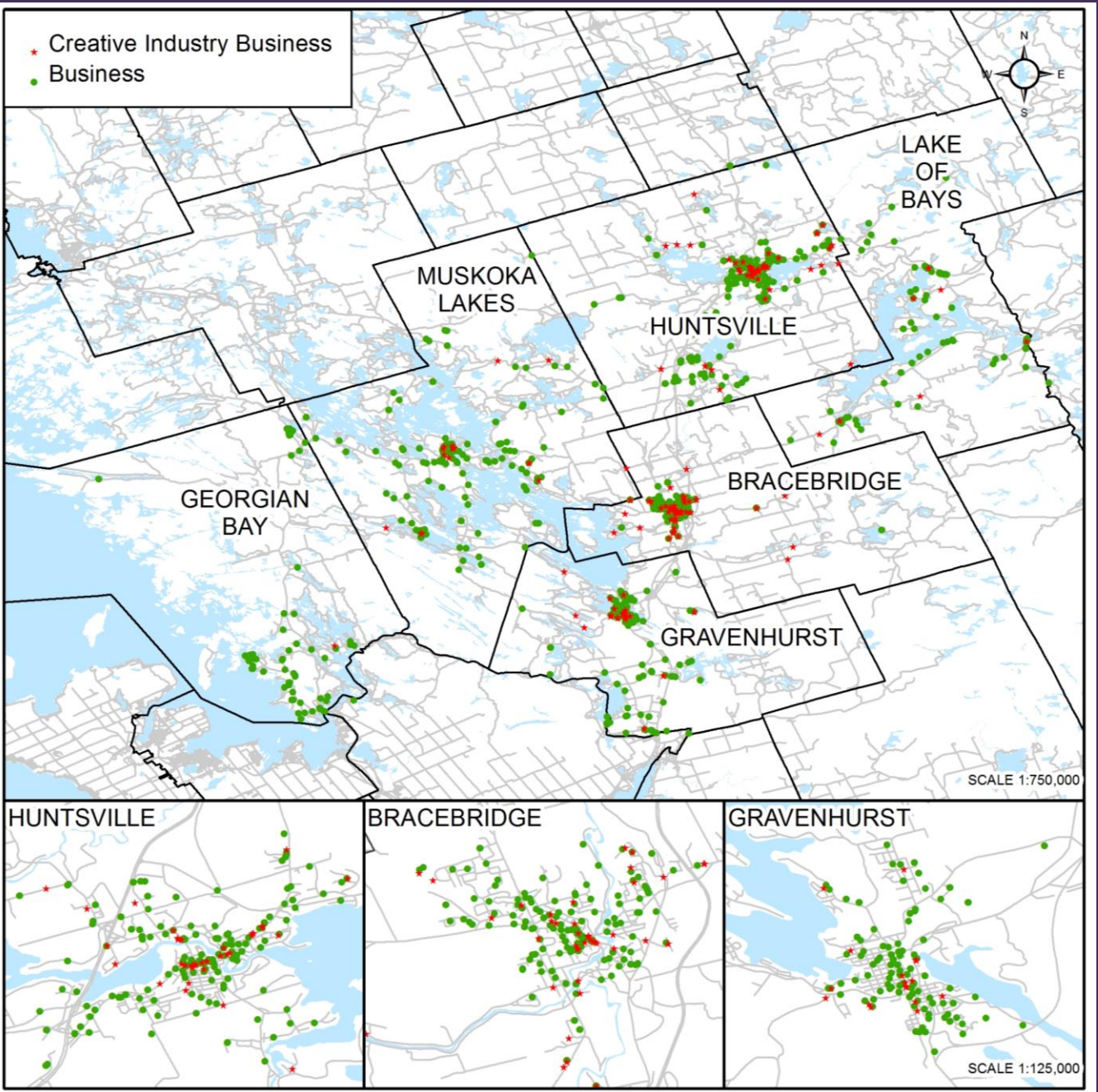
Some similarities to PEC but some key differences

1. Similar distance to Toronto
2. Very different natural environment
 - Sits on top of the 'Canadian Shield'
 - Poorly suited to agriculture
 - Recreation as economic driver
3. very high rate of second home ownership 'cottage country'
 - Lot of wealth brought into community from cities



Identifying sources of creativity in Muskoka

1. Performed a mapping exercise for 'creative' industry businesses for the District of Muskoka
2. Identified key sources and location of strength
 - No PEC 'wine' equivalent
3. Additionally looked at the content of businesses in 'non-creative' industries for specific local sources of comparative advantage



Muskoka's source of knowledge and creativity



Identifying sources of creativity in Muskoka (and elsewhere)

1. Wood, and specifically knowledge of how to use wood, as a key source of Muskoka's creative advantage
2. Getting local people to see and understand this is the challenge
 - Example of the Globe Theatre
3. Local populations often take for granted what they know (and that their knowledge is rare and valuable)



Section 6

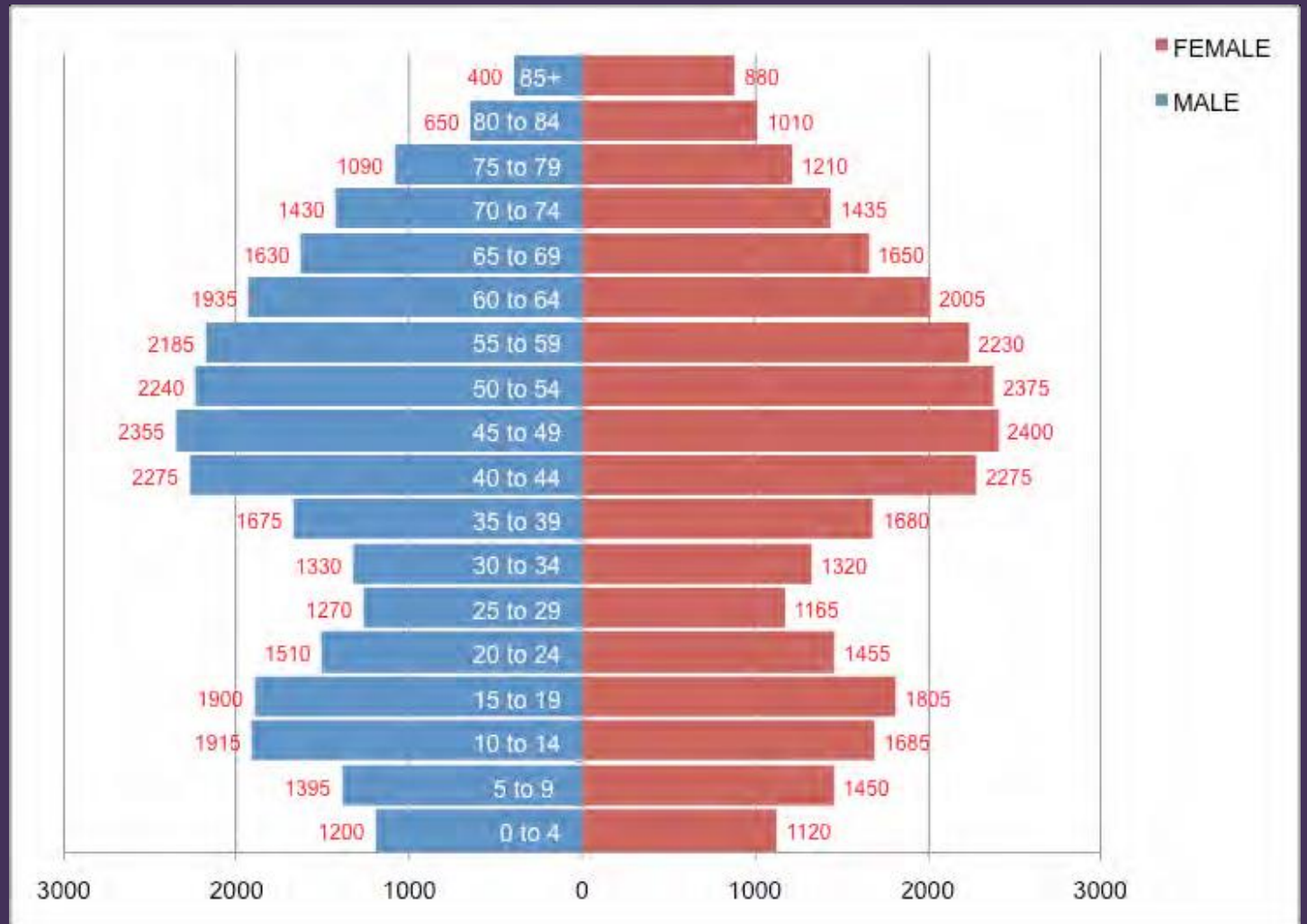
Challenges, pitfalls, and sources of opposition



Youth retention & ageing society

1. Young people tend to leave rural places for larger urban centers
2. Attending higher education is one major factor
 - Satellite campuses as a partial recourse
3. Economic and social (dating/marriage) opportunity is another
 - Local entrepreneurship programs target to youth in particular

Population pyramid for Muskoka



Seasonality

1. Temperatures in Canada can range by 60C or more from summer to winter
2. Much of rural advantage is built on natural environment and recreation
 - Tourism is highly seasonal as a result
3. Policy response is the promotion of winter sports and events



‘Everybody’s doing it’ – zero sum game

1. Success breeds imitators
2. Many local districts noticed Prince Edward County’s success and have tried to do the same
3. The problem is that they are essentially competing for the same finite tourism dollars
 - Need to differentiate
 - Build export base and not just rely on tourism

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The rural Ontario battle over butter tarts

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The small diner in Kenilworth, Ont., is only a speck along rural highway 6, a rare sanctuary in a rolling country of old farmhouses and slow creeks. Outside, a weathered sign tempts the occasional motorist to stop for family cooking.

There are no traffic lights for kilometres. In a community that prides itself as friendly and safe, the front door to the diner is kept open to the sweltering heat.

VIDEO
Video: Rural Ontario communities battle over butter tarts

The Kenilworth Country Kitchen is halfway up the Butter Tart Trail, a series of 18 bakeries, markets and stores along a 30-kilometre stretch of road. Butter tarts in this region are serious business: Bakeries in the community of 11,500 people sell thousands a week. Tarts fuel gatherings of the local economic council and are the centrepiece of the mayor’s breakfast and other community meetings.

VIDEO
Video: Dessert Basics: How to make caramel

Which is why, when the Township of Wellington North noticed the City of Kawartha Lakes, three hours’ drive to the east, had established a competing Butter Tart Tour earlier this year, the gloves

The all-new Audi TT.
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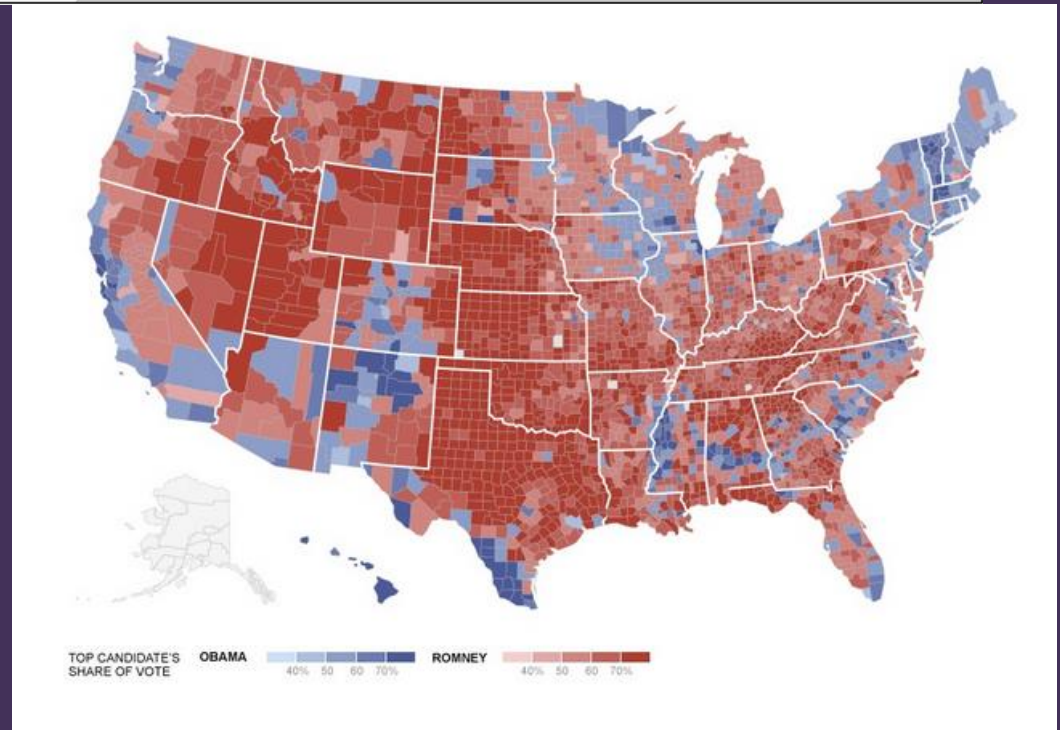
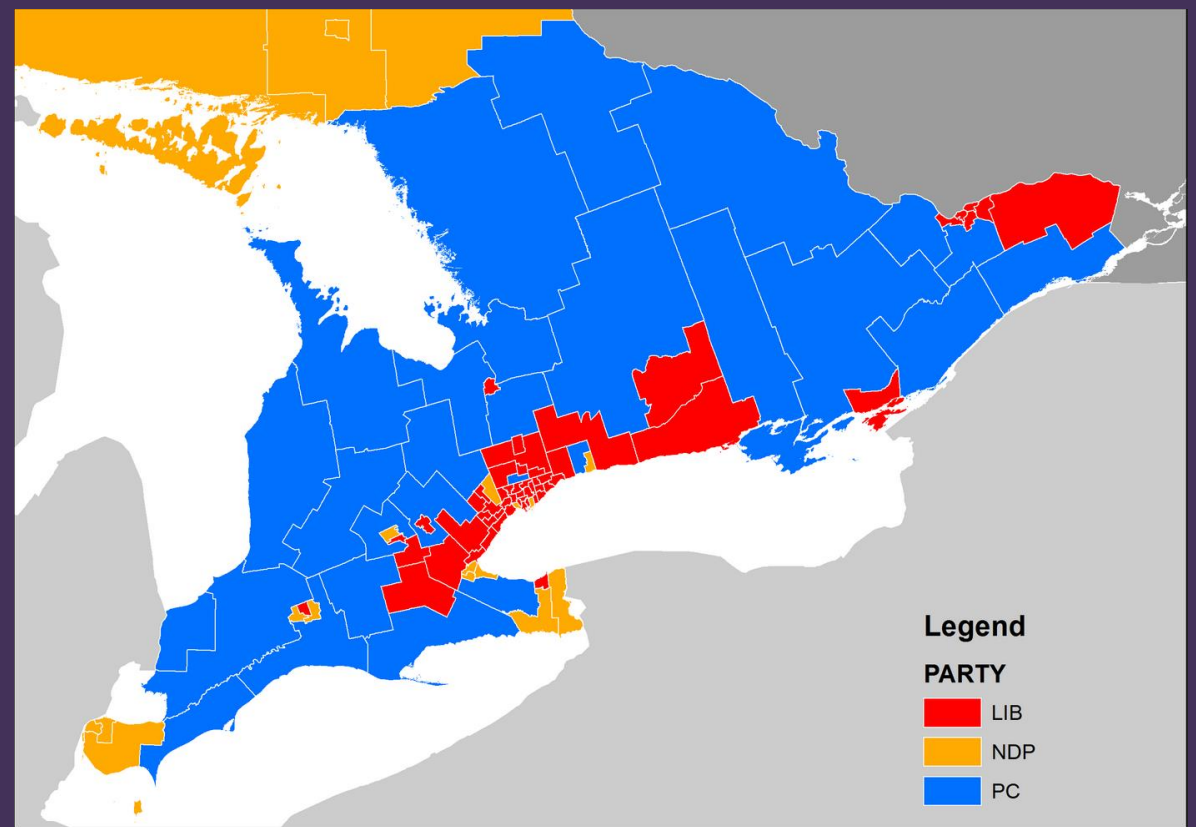
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Political economy

1. Rural areas tend to be politically and culturally conservative in nature
2. This often puts them in opposition to the creative and cultural economy
3. Local champions must lobby harder in many cases to overcome this barrier
 - Presenting high quality impactful research helps



Moving on from old economic development models

1. Many local practitioners still believe that the way to grow their economy is by attracting a large employer to locate in their area
2. Competing on the basis of lowest cost is no longer an option in globalized economy
3. New model is to build local businesses from existing local strengths



Section 7

Rural tech – the final frontier



The Upper Canada Equity Fund

1. Prince Edward County has realized that it lacks economic diversity and is potentially vulnerable to pitfalls associated with rural creative economies and tourism
2. The Prince Edward Lennox & Addington (PELA) Community Futures Development Corporation (CFDC) in partnership with First Stone (private sector investors) has launched a venture capital fund to start and grow technology companies in the community

The Upper Canada Equity Fund

1. A \$10 million fund to start
2. Half provided by CFDC (via Federal Government)
half by private sector entrepreneurs
3. Goal to make 25 investments (up to \$500,000) in two years – currently achieving 1 deal per month
 - This amount has been found to be a niche in the current private VC community
4. Aiming for the creation of 250 jobs
5. Copy model to other jurisdictions going forward

Retaining investment in the community

1. Key problem in many rural places is that once startups are successful they are sold and/or depart to bigger cities
2. The UCEF is uses an equity return model rather than an acquisition model of VC
3. Money is managed centrally with requirements for locating within the local jurisdiction

The real estate dimension

1. In many rural areas there is ample retail and former industrial space but a lack of commercial office space
2. In conjunction with the UCEF the Picton Innovation Centre was established to house the start-ups
3. A converted motel with 28,000 sq-ft with high speed internet located in a prime spot next to marina
4. Additional services provided on-site include legal accounting, tax, and tech support

Mentorship

1. First Stone is comprised of successful entrepreneurs with local ties to Prince Edward County who have invested their own money
2. They are active in mentoring and coaching the young entrepreneurs that they are investing in
3. Because the VC model is equity based there is motivation from both sides to form long lasting professional relationships that are inherently local

Connections to the creative economy

1. The presence of a strong local creative economy is a powerful draw for young tech entrepreneurs and workers
2. Recreational activities in the county such as kite surfing and cycling have also helped to attract talent
3. Growing evidence of actual business connections being forged between local arts & culture firms and technology firms

Section 8 Conclusions



Main challenges to creative rural economic development

1. Rural areas lack the critical mass that fuels the creative process in large dense cities
2. Young people often choose to move away from rural areas seeking higher education, jobs, and greater social opportunities
3. There is often a built-in conservative culture in rural areas that is skeptical of arts & culture as a legitimate source of development

Overcoming challenges and building a successful creative rural economy

1. More collective intentional organization is required for building creative economies in rural settings
2. Creative and cultural economy in rural settings is based on unique local assets that most often come from the natural environment and local heritage
3. Overall key is creating a strong local cultural identity that becomes a 'brand' that people elsewhere become aware of and want to experience

Building a technology base on top of a rural creative economy

1. Danger with a development strategy based solely on arts & cultural and tourism is that there is increasing competition for a finite market
2. Economic base needs to be expanded for true sustainability
3. PEC model of VC is a very promising set of policies that offer the potential to start and retain technology companies in the local area

Thank you

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